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**MONEY, POWER AND ELITES:  
AN EXPLORATION OF THE STRUCTURE AND  
PRACTICES OF THE EDINBURGH FUND  
MANAGEMENT FIELD**

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## **Abstract**

The context for this thesis is the fund management field based in the city of Edinburgh. Drawing on a variety of sources including interviews with practitioners, firms' self-presentation documents and historical accounts, the three papers contained within the thesis explore how individuals are recruited and socialized into the field, how firms and other parties collaborate in the construction of a collective identity, and how the rhetorical claims of both firms and their senior executives reflect and address the emerging tension between financial returns and broader societal responsibility; these are topics of interest to scholars of professional service firms, business elites, sustainable investing and organizational history. Both empirically and theoretically the thesis contributes to the discussion of the practices within the fund management sector and its social positioning; these are areas which hitherto have attracted relatively little academic attention.

## **Lay summary**

The fund management industry plays a central role in society, managing the savings and pensions of millions of people. The actions taken by individuals working within this industry have a huge impact not only on the financial well-being of those savers, but also the behaviour and actions of the companies in which their savings are invested. Fund managers therefore have a significant influence on the way modern society is structured, including problem areas like social inequality and environmental destruction. The purpose of this thesis is to understand more about the kind of people they are and what it means to be a fund manager, how the firms in which they work are organized and define their identity, and how seriously they take their environmental and social responsibilities.



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## **CHAPTER ONE - INTRODUCTION**

### **1. Context and motivation**

Roslender (2018, p. 3) defines accounting studies as “exploring the conditions and consequences of accounting practices together with the broader social institution of accountancy”. This thesis studies the fund management industry, and specifically the field of fund management based in the city of Edinburgh, through the same lens, exploring the conditions through which practices within the field are produced and reproduced, considering the consequences of these practices, and (by extension) exploring the fund management industry as a social institution. This is a field of which I have extensive experience as a practitioner, having worked within it between 1992 and 2016. Mediating the understanding gained from this sustained exposure to the field through a scholarly reflexivity has allowed me to identify, question and challenge attitudes and dispositions which previously I took for granted. Borrowing a metaphor from Bourdieu and Wacquant (1992), if previously I was a fish swimming in water, questioning neither the social space in which I operated nor my place within it, the academic work undertaken in this thesis has enabled me to understand more about both the structure of the field and the agents operating within it.

There is hence an intensely personal aspect to this research; the value of the research, however, extends beyond the purely solipsistic. The fund management industry plays a very significant role in society, one which, this introduction asserts, has increased markedly over the last thirty years. Today the industry enjoys a power and influence extending from the individuals saving through insurance products or pension funds to the management and employees of the firms in which they invest,

an influence captured in the image of the investment chain developed by Arjaliès et al. (2017). Despite this sizeable footprint, it remains a source of surprise that the industry has thus far attracted so little attention from the academic community. With a few exceptions – as an example Section 2.3 describes some of the research done into meetings between fund managers and the management of their investee companies – there remains little social science exploring the interests described above: the industry's practices, their conditions and consequences and the industry as a social institution.

Empirically, then, this thesis explores territory which has hitherto been largely uncharted. Theoretically it works primarily with the ideas of Pierre Bourdieu; the fit between this thesis and Bourdieu's writings is both methodological and thematic. Methodologically, the recurring central theme of Bourdieu's writing is the need for researchers to immerse themselves in the field which they are studying: although fields share a homologous structure, each one boasts unique characteristics which can only be understood through a sustained exposure. Researchers must "put their noses to the ground" (Bourdieu & Wacquant, 1992, p. 113); only through such an immersion can they start to grasp the structure and the practices of the field. In doing so, however, the researcher must also acknowledge the active role that they themselves play in the analysis; this idea that "the analyst is part of the world that he is trying to objectivate" (Bourdieu, 2004, p. 88) underpins Bourdieu's discussion of reflexivity as a central pillar of his research approach. Given my extensive history in the field which I am now researching the idea of participant objectivation is an important one which is discussed in Chapter Five of the thesis.

Thematically, Golsorkhi et al. (2009) identify domination as a central interest of Bourdieu's project: "The means by which systems of domination are reproduced without conscious intention by agents is a central issue for Bourdieu and arguably the primary reason for the development of his theoretical framework" (p. 779). In their review paper Malsch et al. (2011) frame his interest as "uncovering the hidden mechanisms of domination, and how domination is reproduced" (pp. 198-199). It is for this reason that Bourdieu's theories have been adopted by researchers studying elites, making visible their hidden inner workings (Maclean & Harvey, 2019).

Similar goals underpin this research project, whether discussing how recruitment and socialization processes maintain a social exclusivity within the sector (Chapter Two, "Masters or servants?") or questioning the societal claims made with regard to firms' environmental, social and governance (ESG) policies (Chapter Four, "Technocrats or social warriors?"). As Malsch et al. (2011) describe, the Bourdieusian approach is an intrinsically critical one: "By unmasking taken-for-granted power relations and bringing to the fore the interests of established powers towards the status quo, social research constitutes a threat to the reproduction of social order, for once power relations are exposed, new possibilities for individual and collective arrangements become possible" (p. 199). This spirit of challenge infuses this thesis: by casting a critical light on the established order within the fund management industry, it respects both the spirit of Bourdieu's project and, more specifically, builds on themes which Bourdieu himself addressed in his later writings, and which can be summarized in his observation in the Postscript to *The Social Structures of the Economy* (Bourdieu, 2005) that "this societal project [globalization] serves the dominant, that is, the big investors" (p. 228). This thesis explores the world of these dominant big investors.

## 1.1 *This introduction*

The purpose of this introductory chapter is to describe the setting in which the subsequent papers are based: the fund management cluster based in the city of Edinburgh. The analysis explores the development of the field between two points in time, 1992 (the year I started my working career within the sector) and 2016, the year in which that career ended. Methodologically, this description follows Pierre Bourdieu's approach to studying a field, an approach which he applied in a number of different contexts, both narrow (the customs and traditions of the Kabyle tribespeople) and broad (the lifestyles of the various different segments of French society described in Bourdieu, 1984); these included his fieldwork in Kabylia (Bourdieu, 1977), the Parisian academic world in the run-up to the *événements* of 1968 (Bourdieu, 1988) and the French market for single-family homes (Bourdieu, 2005).

Central to this methodological approach is an understanding of Bourdieu's concept of the field, and an assertion that the subject being studied does indeed conform to Bourdieu's definition. The field is the central building block of Bourdieu's sociology, a "multi-dimensional space of positions" (Bourdieu, 1985, p. 724) in which agents are distributed according to the volume and the composition of the capital they possess. Although all fields share a homologous structure – they are all fluid and hierarchized sites of struggle, "correlative with the existence of specific stakes and interests" (Bourdieu, 1990, p. 87), in which dominant interests strive for their own reproduction – each will boast heterogeneous characteristics; different fields will place a very different value on different forms of capital. The combination of this homologous structure and these heterogeneous characteristics is what gives the field concept its

analytic power. However, an understanding of the dynamics within a field can only be achieved through a deep empirical engagement with it: “It is the field which is primary and must be the focus of the research operations” (Bourdieu & Wacquant, 1992, p. 107).

Bourdieu’s conversations with Loïc Wacquant (captured in Bourdieu and Wacquant, 1992), provide a useful review of his thoughts on fields, a review which includes a methodological framework for the study of a field. As a starting point, the analyst should identify the limits of the field; these are “situated at the point where the effects of the field cease” (p. 100). The analyst should then follow a three-step approach: first, “analyze the position of the field vis-à-vis the field of power” (p. 104); second, “map out the objective structure of the relations between the positions occupied by the agents or institutions who compete for the legitimate form of specific authority of which this field is the site” (p. 105); and third, analyze the habitus of agents – “the different systems of dispositions they have acquired by internalizing a determinate type of social and economic condition” (p. 105).

This introduction will follow Bourdieu’s recommended approach. It will start by considering the limits of the field – geographical, functional, social and temporal – before exploring each of the three analytical steps described above. In each case the analysis is longitudinal, exploring how the state of the field changed over the 24-year period under review. Methodologically the analysis draws primarily on the author’s lived experience; this is “soft” ethnographic data (Pool, 2017) which, though it does not rely on field notes collected at the time but rather on memories, impressions and observations, nonetheless, as Pool argues, constitutes a rich source of relevant material. In this account, the “soft” recollections are enhanced by the testimonies

collected from research participants and by historical accounts, both of which can be considered a “harder” form of data.

## **2. The limits of the field**

A starting point for the analysis of this or any other field is an identification of its limits. These can be considered in terms of a number of different dimensions; this discussion will explore the geographical, functional, social, and temporal dimensions.

### *2.1 The geographical dimension*

In one obvious respect, the geographical limits are the easiest to identify; the firms that make up the Edinburgh fund management cluster are for the most part located within a one-mile radius from Charlotte Square, the Georgian square (shown in Picture 1 below) which, located at the western edge of Robert Adam’s New Town, constituted the historic centre of the finance industry in Edinburgh (Perman, 2019). In 1992 the one notable outlier was Walter Scott & Partners which was based in a baronial mansion house eight miles to the west of the city. By 2016 Walter Scott had moved into the former Ivory & Sime offices in Charlotte Square; the only major firm not based in the city centre was Kames Capital who were based in a newly built business park on the western perimeter of the city in a building adjacent to one occupied by their parent company, the Dutch multinational insurer Aegon.

*Picture 1: Charlotte Square*



Source: Historic Environment Scotland

Defined simply by the location of their head office, the geographical limits of the field can accordingly be drawn in fairly simple terms. Doing so would give a misleadingly narrow impression, however – the actual geographic scope of these firms, whether defined by the scope of their operations, their ownership or their client base, is much broader. In each of these cases and consistent with the broad trend of globalization seen over the last thirty years, the situation changed substantially between 1992 and 2016. As an example of the changing geographic scope of firms, the firm where I started my career (Stewart Ivory) operated from a single office in Charlotte Square. Following a takeover in 2000 by Commonwealth Bank of Australia, one of Australia's largest financial groups, the firm retained a head office in Edinburgh but had fund



managers based in London, Singapore, Hong Kong and Sydney, a far more complex and geographically dispersed organizational structure.

Similar trends can be observed in the distribution of firms' owners and customers. In 1992 there were three categories of investment firms in Edinburgh: mutually-owned life insurance companies such as Standard Life, Scottish Widows and Scottish Equitable; privately-held firms, such as Baillie Gifford (a partnership), Martin Currie (a partnership which converted to a limited company structure in the 1980s) and Walter Scott (a founder-led business); and businesses such as Ivory & Sime and Edinburgh Fund Managers which were listed on the London Stock Exchange. As Section 3.2 describes, there were significant cultural differences between these different groupings.

By 2016 firms' ownership structures were radically transformed. Each of the life insurance companies mentioned above went through processes of demutualization, in 2006, 2000 and 1994 respectively. Scottish Widows and Scottish Equitable were subsequently acquired by, respectively, Lloyds Banking Group and Aegon; Standard Life was floated on the Stock Exchange, merging with Aberdeen Asset Management in 2017. Among the larger privately-owned businesses only Baillie Gifford retained its independence, Martin Currie and Walter Scott having been acquired by the US firms Legg Mason and Bank of New York. Having initially been sold to Commonwealth Bank of Australia, Stewart Ivory (renamed Stewart Investors) was subsequently acquired by the Japanese bank Mitsubishi UFJ Financial Group. Nor did the two listed firms retain their managerial autonomy: Edinburgh Fund Managers was acquired by Aberdeen Asset Management in 2003 and Ivory & Sime was used as a

vehicle for the listing of the demutualized Friends Provident through a reverse takeover in 1997.

The pattern here is clear: a general trajectory from locally-situated ownership, whether in the hands of policy-holders, as in the case of the mutual life insurance companies, or of owner-managers, to the control of large, globally-distributed owners (Baillie Gifford is the notable exception to this trend). This trajectory can simply be seen as an example of globalization in action, but it also speaks to the extent to which these firms had grown in scale and influence over time; they only appeared on the radar of acquiring firms once they had reached a certain degree of prominence.

The other manifestation of fund management firms' globalization is their management of an increased proportion of funds on behalf of investors based outside the UK; for illustration, in 2019 these accounted for 40% of the total funds managed by UK firms, with Europe, North America and Asia the three largest sources of funds (The Investment Association, 2019). This percentage has risen steadily over time; the equivalent figure in 2008 was 31%. Of the £3.1trn of total overseas funds, £1.8trn was invested in UK markets. Conversely, 70% of those funds managed on behalf of UK investors were invested overseas, up from 54% a decade earlier. As an extreme example of this, Scottish Mortgage Investment Trust, the largest investment trust in the UK and managed by Baillie Gifford since its foundation in 1909, currently has only 1.3% of its assets invested in UK securities (Baillie Gifford, 2020).

It can hence be seen that both the sources and the applications of the funds managed by UK and, specifically within that, Edinburgh-based firms are highly global

in nature. The ownership of firms and the scope of their operations are similarly dispersed around the world. For these reasons the geographic limits of the field under study range much further than the environs of Charlotte Square; the field is part of a much broader network which spans the globe.

## *2.2 The functional dimension*

The second dimension through which the limits of the field can be analyzed is the functional dimension, namely the services firms provide to their clients. The core business of the Edinburgh fund management firms did not change significantly between 1992 and 2016; they continued to invest the assets of their institutional clients (mainly pension funds and sovereign wealth funds) in equities and, to a lesser extent, bonds with the aim of delivering positive financial returns to those funds and their beneficiaries.

Arjaliès et al. (2017) place fund management at the heart of a wider “investment chain”, thereby illustrating the different layers of financial intermediation (e.g. fund rating agencies, investment consultants, fund trustees, investment banks, stock brokers) which sit between the saver and the instruments (stocks, bonds, etc.) into which those savings are invested. This introduction will argue that the fund management role carries the greatest influence within the investment chain but it is important to note that it is also functionally circumscribed; fund managers are only active in their own particular segment of the chain.

Moreover, even within the sphere of fund management, the activities of the Edinburgh firms focus for the most part on a single market segment: long-only active management. This is exactly the same activity practised by industry pioneers such as

William Menzies in the 1870s: the construction of a portfolio of selected stocks with the aim of achieving an excess financial return. The latter can be defined with reference to a cash proxy, a nominal inflation rate or some form of market benchmark or index.

This focus on long-only active management means that Edinburgh-based firms are not involved in two other branches of fund management: passive funds and hedge funds. Where an active fund manager will build a portfolio which diverges from a market index, a passive fund replicates that index, thereby offering low-cost access to markets (for an account of the formation of Vanguard, the pioneering firm in passive investing, see Bogle, 2013). Edinburgh firms have no involvement in this (rapidly growing) segment of the market. With only a couple of exceptions, nor do Edinburgh-based firms engage in long/short investing (also known as hedge funds) where traditional purchases of stocks (“longs”) are combined with “short” positions where the fund manager borrows the stock then sells it in order to profit from declines in the value of that security. The position is closed by buying the stock back and returning it to the lender.

In this regard, the functions of the field are defined somewhat narrowly. Even within the sphere of active management, a number of the participants in this research project spoke of a distinctive Edinburgh approach to investing characterized by prudence and conservatism, some suggesting that it bore the imprints of Edinburgh’s Presbyterian tradition, others that it reflected the actuarial backgrounds of both firms and key individuals. This came through most strongly in the account of Hannah which was framed in notably exceptionalist terms:

“I think there is a distinctiveness. The vast majority of fund managers that are here are fundamental, bottom-up, long-only managers. Now it might be that they’re value, growth, contrarian, GARP [“growth at a reasonable price”], whatever they might be. But basically the majority of them will run a process where they’ll hold something for three, five, eight years. And they’ll be fundamental in how they do their analysis bottom-up, the majority of the time. And they’ll be equity based. Do we have many companies here which are hedge funds? No. We don’t. There’s lots of those in London. But we don’t have many. [...] So is there something unique about Edinburgh? I would say the thing that’s unique about Edinburgh is long-term, fundamental, bottom-up, global equity. Run in a particular style, in a particular way over the longer term. With a very traditionally Scottish approach where we, whether you like it or not, we leverage the benefit of the concept of being Scottish. We are very considered and we’re very [...] considered. And we’re really good but we wouldn’t want to talk about it. We’d much rather over-deliver and under-sell than over-sell and under-deliver.”

The volume of such identity claims rose over the period between 1992 and 2016, perhaps fuelled by a growing nationalist discourse but certainly influenced by the calls in the Kay Review (Kay, 2012) for investors to adopt a more long-term approach to managing their clients’ assets; this report was published in the aftermath of the global financial crisis which brought about the collapse of the two major Scottish banks (Tooze, 2018; Perman, 2019).

Firms’ core investing activities, then, changed very little with regard to the type of funds they managed, although the ways in which firms described their investment

approaches saw significant change. An important respect, however, in which the limits of firms' activities did extend was in the area of stewardship, broadly defined as the non-financial services such as voting and engagement provided to asset owners in relation to their shares; there emerged in parallel an interest in what is variously termed "responsible", "sustainable" or "ESG" (environmental, social and governance) investing. Here both the range of activities and (particularly) the scope of firms' rhetorical claims expanded significantly; the current position is discussed in detail in the third paper in this thesis ("Technocrats or social warriors?") but it is worth noting that at the start of the period under review there was little or no consideration of any issues outside a core investing logic. Voting activities were not recorded or disclosed, the UK Stewardship Code and Corporate Governance Code had not yet come into effect, and the broader United Nations Principles of Responsible Investing had not yet been created. Each of these measures represents an important escalation point in terms of broadening firms' activities away from an exclusive focus on maximizing financial returns, but as the third paper discusses there remain substantial gaps between talk and actions in these areas.

The other significant way in which the functional limits of the field shifted between 1992 and 2016 relates to a major shift in the operating environment: the move from defined benefit (DB) pension funds, in which the employer guarantees the retired employee a pension which is linked to their length of service and their final salary (the Universities Superannuation Scheme is an example) to defined contribution (DC) schemes in which the employee builds up a pot of savings over their working career through employer and (where possible) individual contributions. These two models differ significantly in terms of both responsibilities and risks. In a DB scheme the

responsibility for selecting the fund managers who will invest the scheme's assets sits ultimately with the trustees of the scheme; they will usually be advised by a firm of investment consultants who will handle the allocation of assets and the monitoring and selection of fund managers. This is a business-to-business (B2B) relationship of institutional fund management. The risks of a funding shortfall (the situation when the scheme does not have sufficient assets to meet its promised liabilities) sit with the scheme. By contrast, through a process euphemistically termed the "democratization of risk", in a DC pension fund the individual saver makes her or his own decisions about both the allocation of their assets and the choice of fund managers. These decisions can clearly have very important implications on the individual pensioner's financial well-being; they will directly feel the negative effects of inadequate investment returns.

As well as the clear implications of this shift for the individual members of a DC scheme, the fund management industry has also been affected: the shift from DB to DC represents a move from a B2B to a business-to-consumer (B2C) relationship. Rather than targeting and engaging with a financially sophisticated and somewhat disinterested professional group (the investment consultants), in a DC world fund management firms have to meet the needs of a very different group, one which is much less financially aware but with a huge personal stake in the outcome of the decisions they make. This has necessitated a partial shift in focus towards these individuals and the investment platforms (e.g. Hargreaves Lansdown) who administer the DC schemes. From a regulatory point of view it has produced a more intense focus on consumer protection than was previously needed when the pension fund

gatekeepers were institutional (investment consultants, pension fund trustees) rather than individuals.

### *2.3 The social dimension*

The third dimension through which to explore the limits of the field is the social one; there is here a sharp contrast between the very broad social footprint of the industry's activities and the narrow section of society from which many industry participants originate. This contrast gives the fund management field an idiosyncratic character: it is a socially elite field in terms of its composition and its practices, yet it performs an important role on behalf of a large and socially diverse group of people – figures from the Investment Association state that 75% of UK households use the services of a fund manager (The Investment Association, 2020), whether through insurance products or pension savings. In Bourdieu's terms, the field operates internally as a field of restricted cultural production: an autonomous field, which existing in opposition to the heteronomous field of large-scale production, targets a very specific audience. The example given by Bourdieu (1993) is that of Symbolist poetry; in this most extreme version of the autonomous field of restricted cultural production the only audience is other producers. An alternative example would be that of academic journals, the audience for which consists primarily of those who are themselves producing articles for such journals.

Though internally the field under review meets the criteria of a field of restricted production it differs in an obvious way from the examples above: it serves a large and varied group of people – the definition of the field of large-scale production. This raises an important and interesting paradox between the internal workings of the field



and its external orientation which perhaps provides an explanation for the phenomenon observed by Arjaliès et al. (2017) and echoed by several of my research participants: the existence of the client as an abstract presence in fund managers' discourse. It can be argued that ignoring the end-saver in this way, concentrating attention instead on professional intermediaries, retains the integrity of the field of restricted cultural production, keeping it within narrowly defined boundaries and excluding those without the necessary or appropriate capital.

Exploring in more detail those active inside the field, the first paper in this thesis ("Masters or servants?") recounts the processes by which individuals decide to enter the field and the ways in which they are recruited and socialized into it, describing the important roles played by social capital in informing individuals from privileged backgrounds of the opportunities such a career might offer and by cultural capital in matching individuals with firms. The over-arching narrative here is one of social exclusivity; this is evidenced by the fact that a majority of the research participants were privately educated and all had attended a Russell Group university<sup>1</sup>. As the report by Seddon-Daines and Chinwala (2018) makes clear, this is only one of the dimensions in which the fund management industry displays strong social inequality; looking at gender, they quote a 2016 CFA Institute survey which found that only 15% of portfolio managers were female, while in terms of ethnicity, they cite a study by the Diversity Project which found that 81% of investment managers were white or white

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<sup>1</sup> As the paper describes, 7% of young people in the UK attend fee-paying schools. The Russell Group is a group of 24 leading UK universities; the term is used to denote excellence in teaching and research.

British, a figure noticeably out of line with the fact that 40% of the working age population in Greater London is BAME.

The dominance of privileged white men in the industry is not a new phenomenon – the situation in 1992 was broadly similar. It is, however, notable how little things changed over the intervening period despite the growing problematization of the lack of diversity, particularly in the latter period, as evidenced by the establishment of pro-diversity groups at both a firm and an industry level (e.g. the Diversity Project, Investment 20/20); the social limits of practitioners remain narrowly defined. The lack of progress when compared to other professions is striking and potentially damaging to the reputation of the sector, all the more so when the issue is compounded by two of the trends described above, the promotion of firms' ESG credentials and the broadening of the individual customer base. Looking at the fund management field as a social institution, the more distant it is from the forms of capital valued in adjacent fields (i.e. the field of its customers) the harder it is to accrue positive symbolic or reputational capital and the greater the risk of accumulating negative symbolic capital. This is why the industry had by 2016 become more aware of the problem of its lack of diversity and more willing to do something about it (or at least to be seen to be doing something about it); in 1992 these issues were not challenged or problematized at all. In parallel to this, the fund management industry's social licence to operate was largely taken for granted in 1992; by 2016 this was being increasingly challenged, not least in the pages of the *Financial Times*.

The discussion so far has looked at the fund management industry's social relationship with its customers and at the dynamics within the sector, and has touched on the industry's need to manage its reputation in the eyes of a wider set of

stakeholders. A final theme is the social impact of firms' investment decisions and the interaction they have with investee firms. Looking at the first of these, fund managers' investment decisions have important economic and social consequences: economically through the impact on firms' funding costs and socially through the bestowing of cultural and symbolic capital. In a variation of the process of consecration described by Bourdieu (1993), fund managers who own shares in a given company can often act as "cheerleaders" for that stock; they are obviously incentivized to do so for economic reasons (their advocacy may attract other buyers) but there is also a circular relationship between their own symbolic capital and that of the firms in which they invest. The well-respected investor buying a stake in an emerging Silicon Valley business will confer symbolic capital on that business; that business can in turn enhance the symbolic capital of the investor by drawing attention to the quality of their insights and the originality of their thinking as well as the potential subsequent economic return.

Another aspect of the social relationship between investors and investee firms relates to the influence that the former can exert on the management teams running the latter. A small body of literature has examined meetings between investors and company management: Holland (1998, 1999) was interested in the informal exchange of information; Barker et al. (2012) suggested that the value of such meetings did not relate to the discovery of information which could inform investment decision-making but rather to the claims of superior knowledge which investors made to their clients; and Taffler et al. (2017) argued that these meetings helped investors mitigate the anxiety which the authors saw as an integral part of the investor's condition. Of most relevance to this discussion, however, is the article by Roberts et

al. (2006) which frames meetings between investors and company management as a disciplinary mechanism through which investors can impose their values on managers; the “meetings serve as a process in which the expectations of fund managers play upon and shape the subjectivity of the CEO and finance director” (p. 287). From this perspective fund managers, committed as they are to the maximization of financial returns, play an important role in imposing the “shareholder value” doctrine (Krippner, 2005) on company management; this can clearly have important social implications for the employees of these firms who might find their jobs threatened as a result, a simple example of what Bourdieu would term the exercise of power over a dominated fraction. Conversely, as members of a proximate branch of the elite field, fund managers can act as what Keswani et al. (2017) termed “frenemies” towards company management; under the guise of a robust and adversarial relationship, they can collude in promoting their interests – this may explain the spiralling levels of executive pay seen in the last 40 years (Frydman & Jenter, 2010).

#### *2.4 The temporal dimension*

For Bourdieu there is a temporal dimension to every field: “the separation of sociology and history is a disastrous division, and one totally devoid of epistemological justification: all sociology should be historical and all history sociological” (Bourdieu & Wacquant, 1992, p. 90). This is a long-standing theme in organization studies (see for example Clark, 1985; Blyton et al., 1989; Hassard, 1991), that time is a master concept which transcends linear boundaries. The field that we study today has been produced through the cumulative effects of a network

of social relations operating over time; furthermore, the effects of that field extend into the future.

In the case of this field, from an objectivist/realist perspective, firms bear the imprints of their individual past. In 2016, for example, Baillie Gifford had close to 110 years of history as a partner-owned business, while Artemis, formed in the mid-1990s, represented a different, entrepreneur-led model. Many firms had gone through significant organizational change, particularly in terms of their ownership. Some, such as Stewart Investors, retained a strong link to their past; others, like Martin Currie, sought to distance themselves from it. In addition the firms had an individual past which could be aggregated into a collective past of the field; that these individual pasts are distinct and idiosyncratic is entirely consistent with the characterization of the Edinburgh fund management cluster as a field.

Beyond that, and adopting a more interpretivist approach to the past, the second paper in this thesis (“Making history work”) draws on the concept of rhetorical history to explore how firms use the past for strategic and persuasive purposes. (For a review of the broader “uses of the past” literature, see Wadhwani et al., 2018.) This introduces a different conception of the temporal limits of the field: these limits are no longer defined by events, people or practices which actually happened, but can also encompass subjective interpretations which impose meaning and thereby create a desired identity. The “Making history work” paper explores the processes by which agents make this happen, emphasizing the malleability and, hence, utility of a past about which very little is known.

As was clear from the discussion of the functional dimension in section 2.2, any discussion of the temporal limits of the field should also incorporate consideration of the future; after all, the fund management industry exists in order to effect a temporal shift in the value of money, such that money invested today is worth more in the future. (There are no guarantees here; hence one of the research participants described the product provided by the fund management industry as nothing more than the “hope of future returns”.) Through the effect of compounding over the 40-year span over which a worker saves for their pension, decisions made today on asset allocation or the purchase of individual assets can have very large consequences for that individual’s well-being in their retirement. In the case of family trusts or Sovereign Wealth Funds the effects are even more durable; the wealth of families and nations can grow and diminish over many generations.

### *2.5 The limits of the field: conclusion*

It is clear from the above discussion that the task of identifying the limits of this field, the “point where the effects of the field cease” is a complex one, not least because, as Bourdieu (1993, p. 42) emphasized, the boundary of the field is “a stake of struggles”; all the analyst can do is to describe the “state (long-lasting or temporary) of these struggles”. The analysis looked at four dimensions; of these the functional one was the simplest one, although the extent to which the functional limits had shifted over the 24 years under review was larger than might have been expected. This is a broader theme echoed throughout the discussion of this field: it is a fluid and ever-changing environment.

Where it was a relatively simple task to identify the limits of the functional dimension, in respect of each of the other three dimensions the task was much harder. The discussion of the field's geographical limits illustrated the sharp contrast between the narrow physical definition of the field and the global scope of its activities, whether these are the investments field participants make, the clients on whose behalf those investments are managed or the owners who consolidate the Edinburgh firms' earnings in their own financial reports. Similarly, in the discussion of the field's social limits, the contrast was made between the narrow sliver of society from which investors are recruited and the large section of the population affected by their activities, whether as beneficiaries of the pension schemes which they manage or through the values and ideologies which they preach. The field's temporal limits were equally wide – extending back to a past (both real and imagined) and forwards across a span of several generations. Here again the investment decisions made will have a momentous impact.

### **3. Analyzing the field**

Where the previous section concentrated on identifying the limits of the field, this section will adopt Bourdieu's three-stage process to analyze what goes on within the field. Firstly it will explore changes in the field's relationship with the field of power; secondly it will discuss the structure of the relations which produce the field, examining the bases on which dominance is established; and finally it will analyze the habitus of agents within the field.

### *3.1 The field's relationship with the field of power*

The field of power is a central concept in Bourdieu's work; it is therefore surprising that it has been somewhat under-utilized by organizational and management scholars (Maclean & Harvey, 2019). The field of power sits above all others; it is a "field of forces structurally determined by the state of relations of power among forms of power, or different forms of capital. It is also, and inseparably, a field of power struggles among the holders of different forms of power, a gaming space in which those agents and institutions possessing enough specific capital (economic or cultural capital in particular) to be able to occupy the dominant positions within their respective fields confront each other using strategies aimed at preserving or transforming these relations of power" (Bourdieu, 1996, pp. 264-265). In this respect it is the "Champions League" of fields, where those dominant in their home fields fight to cement their dominance of the broader social world through the imposition of their particular forms of capital; here the members of the "power elite" (Mills, 1956) fight for the "dominant principle of dominance" and with it the "legitimate principle of legitimation" (Bourdieu, 1996, p. 265).

The challenge when analyzing the position of this field vis-à-vis the field of power over an extended period of time is that both have undergone significant changes; this is consistent with Bourdieu's image of all fields existing in a state of continuous flux. Moreover, as was discussed in the previous section, the field under study has a broad and complex scope; it can hence be argued that it exists in proximity to two fields of power, one national and the other supra-national. The central argument of this section is that the field of fund management has moved progressively closer to the field of power, in part as a result of changes in the composition of the latter.



As Epstein (2005) describes, the last forty years have been characterized by a continuing process of financialization, defined as “the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies” (Epstein, 2005, p. 3). For Krippner (2005), the concept of financialization encompasses a variety of different perspectives: the emergence of the “shareholder value” orthodoxy as the dominant form of corporate governance; the growing influence of financial markets; the increasing concentration of power among the rentier class; or (in Krippner’s own summative definition) a “pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production” (Krippner, 2005, p. 174). Martin (2002) looks beyond economic and financial parameters to explore the ways in which financialization affects the lived experience of the general population.

At its core, then, financialization advances the interests of both those in possession of economic capital (the rentier class) and the fund managers who are responsible for handling that economic capital, for pushing that capital through Krippner’s financial channels. At the same time, processes of globalization have enhanced the power of multinational companies – and by extension the influence of the fund managers who invest in those corporations and engage with their executives: “Though we might wish otherwise, the world economy is not run by medium-sized “Mittelstand” entrepreneurs but by a few thousand massive corporations, with interlocking shareholdings controlled by a tiny group of asset managers” (Tooze, 2018, p. 16). Bourdieu recognized the emerging power of these fund managers: “The concentration of financial capital in the pension and mutual funds that attract and

manage collective savings enables the trans-state managers of those savings to impose on firms, in the name of shareholder interests, demands for financial profitability that gradually come to direct their strategies” (Bourdieu, 2005, p. 230).

A third salient factor besides financialization and globalization is the fact that stock markets have risen sharply since the United States Federal Reserve introduced quantitative easing in March 2009 as a corrective stimulus measure following the 2008 financial crisis. (Quantitative easing, “QE”, occurs when a central bank purchases debt securities and holds them on its balance sheet. By injecting liquidity into the financial system and bringing down the yields on bonds, large-scale QE programmes stimulate purchases of other assets such as equities and property.) This QE not only helped to lift markets (and hence the value of the assets managed by fund management firms) but also boosted the risk tolerance of investors and, with that, their willingness to increase their exposure to those markets. As a result certain firms within the Edinburgh cluster have enjoyed a huge boost in their assets under management (AuM), and hence their influence; the best example is Baillie Gifford where the AuM rose from £7.9bn in 1993 (Fransman, 2008) to more than £200bn at the end of 2019 on the back of strong investment returns achieved through their investment in fast-growing businesses.

This introduction asserts that the combination of financialization, globalization and a long-term bull market have affected both the composition of the field of power and the proximity of the fund management field to it. Bourdieu (1996) described the dominance of economic capital in the field of power, with cultural capital a secondary influence; the suggestion here is that economic capital is even more dominant in 2020 than it was when Bourdieu published the original French version of *La*

*Noblesse D'Etat* in 1989. Looking specifically at the field of fund management in Edinburgh, the analysis highlights three factors which support the assertion that this field moved closer to the field of power over the period between 1992 and 2016: the significant expansion of the volume of economic capital within the field, the increased profile of the field, and its increased global reach.

One of the salient points about the expansion in economic capital has already been made; increases in AuM have increased the influence of the firms in the field. This effect comes through in several ways. Firstly, it gives fund managers greater influence over the firms in which they invest; an investor with a £100m stake in a business has a louder voice than one with a stake of £1m. This effect has been compounded through a move post-Kay Review to more concentrated portfolios, a move which amplifies this effect. Secondly, larger scale increases firms' power with respect to law-makers and regulators. The Investment Association (2019) reports that its members manage £7.7trn in assets, making this industry a significant pillar of the British economy. The same is true in the Scottish context, where the sustainability of the Edinburgh fund management field has important implications both economically and symbolically, all the more so since the demise of the Scottish banks in 2008.

A second aspect of the expanding economic capital is the potential rewards on offer to individuals working in the field; these are significantly greater than they were in the past. As an example, my starting annual salary in 1992 was £12,000 (£25,000 in 2019 prices); at that time, those who wanted to earn the biggest salaries in finance joined the investment banks. By contrast, new starters today in Edinburgh can expect initial salaries of £40,000-£50,000, rising to £70,000-£90,000 after five years (Core-

Asset Consulting, 2020), with generous potential bonuses on top of that; for reference, according to the same survey this compares with a maximum salary of £35,000 for a newly-qualified chartered accountant. The rewards for firms' leadership teams are much greater; as an example the chief executive of Standard Life Aberdeen can earn up to £4.3m a year (Mooney, 2018).

A further reason to believe that the fund management field has moved closer to the field of power is the increased prominence the sector enjoys compared to the past, and the increased scrutiny that it faces as a result. In 1992 the Edinburgh fund management field still bore many of the characteristics it had thirty years earlier: modesty and discretion were highly valued, as was a sense of "fair-play" (for an illustration of what happened when this code was broken see Perman, 2019, p. 237). This form of what Perman terms "gentlemanly capitalism" still held sway in the early 1990s; the one exception, as both Perman (2019) and Burns (2008) describe, was the firm of Ivory & Sime which had in the 1960s and 1970s embraced a more aggressive way of doing business which encouraged competition between the future leaders of the business, an approach which in Burns' account led many of those individuals to leave.

This model of gentlemanly capitalism will be discussed in more detail in sections 3.2 and 3.3 below. The important point to note here was the emphasis on discretion; this can be framed as a cultural inheritance from the mutual life insurance companies and the investment partnerships, in both of which ownership was concentrated within the firm, by the policy-holders in the first case and the partners in the second. As one of the research participants commented, in the 1960s and 1970s investment management was a "back-office" role, with all the anonymity that implied. It was also,

up to the 1990s, operating in a self-regulating regime: the first industry regulatory body, the Investment Management Regulatory Organisation (IMRO), was established in 1986 as a self-regulating organization.

Over the subsequent period this picture changed dramatically. As was described in section 2.1 the ownership structures of firms changed; as they moved from mutual or private ownership to being parts of larger organizations or independently listed entities, so the visibility of their businesses increased. For the first time external stakeholders (parent companies, investors, the press) could see what was going on inside these hitherto private settings. In addition individuals moved from the back room to centre stage; increasing levels of marketing activity promoted the idea of the star fund manager, a process which gained further momentum with the growth of platforms supporting individuals' defined contribution pension funds.

At the same time a series of controversies, the most relevant of which to this case was the split capital investment trust scandal which broke in 2001-2002 and in which Aberdeen Asset Management (now part of Standard Life Aberdeen) was a leading player (for an account, see Adams, 2004), led to a more formal and stringent regulatory environment. As an example of this, one of the research participants described his experiences of the permissive rules around corporate hospitality in the 1990s in a tone which was both nostalgic and cognisant of the need for change:

“I never gave any business to anybody just because they entertained me or took me to different places. And I didn't necessarily really notice too much of that, although I did have certain... I did notice certain people would reward a lunch or a dinner or entertainment with a ticket [a broker's order]. As a thank

you, and that probably wasn't fair. So I think the industry had to professionalise because self-regulation wasn't working."

Substantial elements of the previous discussion apply as equally to the broader field of fund management as they do to the specific field being studied here, namely the Edinburgh fund managers. This links to the final justification for the assertion that this field has moved closer to the field of power: the absorption of the Edinburgh field into a truly global network, as described in section 2.1. Where the Edinburgh field in 1992 could still be characterized as something of a backwater, distanced geographically and culturally from the field of power, today that distance has been largely closed. This is not to argue that the firms making up the Edinburgh field share identical attributes to their equivalents in London, Boston or Zurich (it is important to remember the intrinsic heterogeneity of fields), but rather that the closing of this distance means that they have more in common with those equivalent firms than they did thirty years ago. Strategically this is not a particularly helpful position to be in; the second paper in this thesis ("Making history work") explores the ways in which firms in the Edinburgh field draw on a real and imagined past in order to assert an identity which differentiates them meaningfully from their peers in other parts of the world.

### *3.2 The structure of relations within the field*

Having explored the relationship of the field under study to the field of power, the next stage of Bourdieu's analysis is to "map out the objective structure of the relations between the positions occupied by the agents or institutions who compete for the legitimate form of specific authority of which this field is the site" (Bourdieu & Wacquant, 1992, p. 105). Put differently, this involves an analysis of the bases upon

which dominance is achieved, and in particular the forms of capital which confer this dominance. Given the homologous relationship of any given field to the field of power, it follows that the discussion in this section will build on the previous section.

As we saw in section 3.1, for Bourdieu the forms of capital which carry the most weight are economic and cultural capital. In the earlier discussion it was argued that, through a linear relationship, the increased value of the assets managed within this field brought it closer to a field of power itself dominated by economic capital. Moving inside the field, the same logic holds: the most important determinant of a firm's position within the field is the value of its assets under management (AuM). This is an absolute number which, widely disclosed, allows field participants not only to situate firms within the field – identifying winners and losers – but also to speculate over the remuneration packages of individuals working in the field, a subject of great interest to many of those I have talked to in the course of this research.

Besides this absolute number, three other factors come into play: the trajectory of AuM, the means by which growth has been achieved, and the relative scale of the firm. The trajectory of AuM provides insights into the success of a firm's investment and marketing activities; mandates from institutional clients are awarded after a "beauty parade" on the basis of the fund manager's delivered returns and their ability to persuade decision-makers as to the sustainability of those returns, for example through the robustness of their investment process. These mandates will previously have been managed by a different fund management firm who will typically have had the money withdrawn from them as the result of poor delivered returns. Tracking movements in AuM can therefore provide insights into the momentum within a firm, and by extension the morale of its employees.

The second consideration is the means by which any AuM growth has been achieved. The example just given exemplifies the organic approach to growth; the other way to grow, through acquisition, is treated with much more suspicion by field participants. See for example this description from the *Financial Times* of a recently-announced takeover within the sector: “Like two drunks supporting each other as they stumble home, Franklin Templeton and Legg Mason last week decided to lock arms. Unfortunately, the history of asset management combination is littered with more accidents than a hospital emergency ward on a Saturday night” (Wigglesworth, 2020). A promising field of future research would be to critically examine the latter statement: does it hold true and, if so, what are the problems associated with fund management mergers and takeovers? The third consideration is the relationship between AuM and firm size: a manager-owned firm of 20 people managing \$10bn of assets will enjoy a higher position in the field hierarchy than a firm owned by a big American bank managing \$15bn with a headcount of 150 people. The former embodies (highly-valued) entrepreneurial capital, while the latter attracts negative symbolic capital for its lack of success in comparison to local peers.

A theme of this discussion is that the value of economic capital at the level of both firms and individuals is (perhaps counterintuitively) largely symbolic. This is why it matters how the economic capital was accumulated; it carries much greater value if it reflects long-term competence (in the form of investment returns or managing the business) than eye-catching short-term actions (aggressive risk-taking, M&A activity). This speaks to a significant divide between two distinct forms of cultural capital within the field, a divide which can be characterized as the clash between the inheritors of the old-style “gentlemanly” approach described by Perman and a more aggressive,



commercially-oriented cohort; in Perman's book Baillie Gifford exemplifies the former and (the now defunct) Ivory & Sime the latter.

As is clear from Perman's discussion, this divide goes back some way in the field of Edinburgh fund management. In 1992 it can be argued that the gentlemanly strain was the dominant one, retained in the ethos of the mutual life companies and the partnerships which had only recently transitioned to the limited company form. Ivory & Sime, a firm which encouraged "fierce rivalries" (Perman, 2019, p. 262) between its staff, was a notable outlier. By 2016, echoing the process observed by Kerr and Robinson (2012) in their account of the transition of the major Scottish banks from "an ethos of noblesse oblige understood as symbolic violence to a more overt ethos of economic violence" (p. 252), what we might term commercial capital had established its dominance; this process was enabled in no small part by the shift described in section 2.1 from Edinburgh as a stand-alone financial centre with its own identity influenced by local social *mores* to an outpost of what Kerr and Robinson term "neoliberal globalization" where global rules, and specifically the rules of the market, hold sway.

In this context Baillie Gifford, the largest partner-owned fund management company in the UK, now stands as the outlier. Yet, perhaps counterintuitively, when combined with a large volume of economic capital this idiosyncrasy strengthens Baillie Gifford's position in the field. By emphasizing their differences (for example through the "Actual Investors" campaign discussed in "Making history work") and by accumulating large volumes of "traditional" cultural capital (for example through their extensive sponsorship of the UK's literary festivals and a very public association with the Edinburgh International arts festival), the firm is able to conjure up a nostalgic form of

what, following Kerr and Robinson, we might term “noblesse oblige capitalism” which exists in direct opposition to the rapacious, self-interested form of capitalism infected by globalized neoliberalism.

Seen from this perspective, the two forms of cultural capital exist in contiguity and in propinquity. Reflecting Bourdieu’s own hierarchy, the extent to which they are positively valued depends entirely on the amount of economic capital firms have been able to accumulate; Baillie Gifford’s strenuous accumulation of traditional cultural capital would attract derision rather than admiration had the firm not also been highly successful in delivering strong returns to its clients and, by doing so, attracting substantial funds under management. Conversely, a firm such as Martin Currie which assiduously manifested the commercial form of cultural capital (embodied in its internal mantra “just do it”) finds itself lowly valued in the hierarchy due to highly-publicized regulatory failures and a weak economic performance.

### *3.3 Agents’ habitus within the field*

Having studied the relationship of this field to the field of power and the structure of relations within the field, the final stage of Bourdieu’s analysis looks at agents operating within the field with a particular focus on their habitus – the attitudes and behaviours which, unconsciously acquired, allow these agents to navigate the field successfully. The first paper in this thesis (“Masters or servants?”) examines the habitus of “front-office” investment professionals, the analysts and portfolio managers who are responsible for generating financial returns for their clients. The paper finds that individuals enter the field with two distinct sets of motivations: a desire to make money which is strongly reminiscent of the accountants described by Carter and

Spence (2014), but also, and more idiosyncratically, a passion for research and a desire to understand the world. These individuals are similarly selected into firms on the basis of two distinct forms of cultural capital, termed in the paper “technical-cultural” and “traditional-cultural” capital. The former is more prized by those firms which have embraced most enthusiastically the global, commercial ethos described in section 3.2; the latter by those firms (both large and small) which have resisted the modernist transition described in that section. Though an individual’s habitus is heavily influenced by their upbringing (Bourdieu termed this their primary habitus), it is also shaped by their exposure to a given field (this is their secondary habitus); the paper goes on to investigate the processes of socialization to which individual agents are exposed, finding that the dominant ethic is a competitive one. Finally the paper explores some of the implications of this prevalent habitus, questioning the ability of those who have been active in the field for a long time to adequately meet the societal expectations of their clients, a theme explored in more detail in “Technocrats or social warriors?”, the third paper in this thesis.

The “Masters or servants?” paper does not directly address the temporal question (how has this habitus changed over time?), but the varied age of the interviewees does offer some insights: they ranged in age from their early 20s to their early 60s, with the older cohort naturally bearing the greater imprint of an earlier period. Broadly speaking, the image is similar to the macro picture described in section 3.2, namely the gradual ousting in most firms of notions of disinterested public service in favour of a materialistic, money-focused worldview. While traces of the former ethos remain, this narrative is consistent with the description of the transformation of the accountancy profession in Carter and Spence (2014).

The other aspect of agents' habitus which is unexplored in the "Masters or servants?" paper is the habitus of business leaders. In the course of this research and my prior career I have met with most of the leaders of the Edinburgh investment firms. These individuals can be placed into two categories: those who have risen through the ranks of their firms (a majority within this field) and those who have come into the field from outside. Not surprisingly, the former category display the influence of their formation within the field, understanding the importance of social and cultural capital and emphasizing the need to do business "properly" as a means of achieving commercial success. Their lifestyles are very comfortable but they tend to eschew overt displays of wealth. Conversely, leaders coming from outside the field often play on their outsider status, presenting themselves as aggressive disruptors shaking up a complacent elite; for them economic capital dominates all others.

There is hence within the field a Janus-headed leadership structure, one head looking backwards to the traditional "gentlemanly" approach (cerebral, urbane, engaged), the other looking forward to the globalized, commercial worldview embodied by Carter and Spence's Big 4 partners. Where this field differs from the bankers described by Kerr and Robinson (2012) or the accountants in Carter and Spence (2014) is the contiguity of these two leadership approaches, both co-existing alongside each other. This is most piquantly observed in Standard Life Aberdeen, the largest firm in the Edinburgh fund management field. Standard Life Investments merged with Aberdeen Asset Managers in 2017; as has been described earlier, the two firms had very different histories, Standard Life as a mutual life insurance company for most of its existence, Aberdeen as an aggressive, acquisition-led business, a contrast which was neatly symbolized by the very different personalities

of each firm's CEO and the different corporate cultures they nurtured. Participants' testimonies spoke to the difficulties of bringing these different entities together, not least because their respective worldviews were so different.

#### **4. Conclusion**

Bourdieu's methodological framework offers a rich set of tools with which to explore the workings of a field and that field's position in the broader social hierarchy. The disciplined application of his analytical approach yields valuable insights into the structure of a field, in particular how its hierarchies are formed and maintained, and the agency of those operating within that field, notably how their habitus shapes the field and is shaped by it. Furthermore, applying the analysis over an extended period of time, as was done here, gives some sense of the interplay between external and internal influences on both institutions and individuals.

The analysis started by exploring the limits of the field under study, the Edinburgh fund management industry. Comparing the state of the field in 1992 with the situation in 2016 it found that the structure of the field had become increasingly complex and these limits increasingly broad; this was particularly true of the field's geographical limits, which had expanded as a result of the field's absorption into the sphere of globalized finance, and of its social limits, where the replacement of defined benefit pension schemes with self-invested defined contribution schemes significantly increased the reach of fund management firms into the daily lives of individual savers. At the same time, firms' promotion of their ESG credentials alongside their traditional financial fiduciary responsibilities represented a significant broadening of

their social footprints; their ESG discourse is explored in the “Technocrats or social warriors?” paper later in this thesis.

Having identified the (wide and fluid) limits of the field, the second stage of the analysis applied Bourdieu’s three-part model, again looking at the period between 1992 and 2016. First it explored the field’s changing relationship with the field of power, finding that the twin processes of globalization and financialization had brought the Edinburgh fund managers much closer to a field of power which had itself changed materially over that same period. Next it considered the structure of relations within the field; following on from the analysis of the field’s trajectory vis-à-vis the field of power, it found that dominance in the field came above all from the possession of economic capital. Though this was always the case, the volume of economic capital within the field, both in terms of assets under management and the potential personal rewards, rose enormously over the 1992-2016 period. Next to this economic capital, cultural capital takes a clear second place; the key finding of the analysis here was the co-existence of two forms of cultural capital, “gentlemanly” and “commercial”, with the latter having superseded the former over the course of the period under review. The final stage of the analysis looked at the habitus of agents in the field. Discussion of this topic forms a significant part of the first paper in this thesis, “Masters or servants?”; where that discussion concentrated on “front-office” investment professionals this introduction extended the analysis to senior business leaders, finding the co-existence of two distinct types homologous to the two forms of cultural capital identified in the previous discussion. One of the notable idiosyncrasies of this field in comparison to other professional service settings was that these two

types exist in propinquity to each other, on one notable instance within the C-suite of the same firm.

#### *4.1 Structure of the thesis*

The thesis is structured as follows. Each of the next three chapters consists of a stand-alone research paper. Chapter Two explores recruitment and socialization practices within the field; Chapter Three looks at the strategic use of history as a means of creating and presenting a desired identity; and Chapter Four critically examines fund management firms' claims with regard to their ESG activities. Chapter Five discusses epistemic reflexivity, an important methodological theme within the thesis, and finally Chapter Six offers some concluding ideas for future research.

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## **CHAPTER TWO – PAPER ONE**

### **Masters or servants? Cultural capital, habitus and illusio in the fund management industry**

#### **Abstract**

This paper explores the recruitment and socialization processes within the fund management field based in the city of Edinburgh, applying the critical sociology of Pierre Bourdieu to describe the backgrounds and motivations of individuals entering the field and the forms of capital (social and cultural) which are rewarded by recruiting firms. It explores the habitus of successful professionals in the field, and the potential tensions between this habitus and their personal values. In addition to the insights it offers into practices within the field, the paper makes a number of theoretical contributions, suggesting that admission to the field involves a two-way process of cultural matching based on very specific combinations of social and cultural capital, and using Bourdieu's concept of illusio to explore the role played by fund managers in reproducing the interests of a dominant financial elite.

**Keywords:** Bourdieu, elites, recruitment, socialization, habitus, cultural capital, illusio, fund management, investment

## 1. Introduction

In comparison to accounting and other professional service occupations, the fund management profession has largely escaped the attention of the scholarly community. This is perhaps surprising given the prominent economic and social role the investment industry plays (Arjaliès et al., 2017).

This research addresses this lacuna. Working with the theories of Pierre Bourdieu, and particularly his concepts of habitus and *illusio*, it builds on three existing bodies of Bourdieusian literature. The first such body of work is studies which use the concepts of cultural capital and cultural fit to explore exclusionary recruitment practices in elite professional service firms (see, for example, Cook et al., 2012; Rivera, 2012; Ashley & Empson, 2013, 2016, 2017).

The second body of work looks at socialization and advancement, exploring questions of who advances and how. This strand is exemplified by the studies of the accountancy profession by Spence, Carter and colleagues (Carter & Spence, 2014; Spence & Carter, 2014; Spence et al., 2015; Spence et al., 2016; Spence et al., 2017); a common theme of these papers is the need for successful individuals to acquire the appropriate “professional habitus”, one which is defined primarily in commercial terms. Also within the accountancy profession, Lupu and Empson (2015) looked at individuals who had succeeded in the field and asked why they continued to comply with organizational pressures to overwork. The explanation they proposed drew on the twin concepts of habitus and *illusio*; the more an individual embodies the habitus of the field, the more likely they are to succumb to the *illusio* of it.

Where Spence and Carter's work looked at individuals' progress within the field of an individual organization, the interest of Maclean, Harvey and colleagues was individuals' engagement with the field of power (Maclean et al., 2010, 2014, 2015, 2017); this is the third body of relevant research. Maclean et al. (2010) identified two phenomena: the "ascension" of a select group of corporate agents to positions of dominance, and the subsequent "accession" of a sub-group to the power elite; later papers explored the means by which the latter group of "hyper-agents" achieved this status.

The context for this research is the cluster of fund management firms based in the city of Edinburgh, UK. This is a well-established cluster enjoying substantial scale (Perman, 2019; The Investment Association, 2019). The methodology employs a subjectivist ontology and interpretive epistemology, drawing on a combination of 32 semi-structured interviews and reflections based on the researcher's 24 years' experience of working as a practitioner in the field.

The paper makes a number of empirical and theoretical contributions. Empirically it explores the composition of the field: the backgrounds and motivations of those who enter it, the filtering methods by which they are admitted to the field, and the socialization process by which they acquire a habitus which is dominated by a "competitive ethic". In so doing it qualifies the views of Taffler et al. (2017) that investors carry with them an anxiety born of their awareness that their job is futile and impossible, instead suggesting that they are motivated by a competitive drive which leads them to concentrate on playing the game rather than challenging its validity. It also observes the possibility of a dissonant clash between an individual's attitudes as a professional investor and as a concerned citizen.

Theoretically the paper develops existing ideas from the Bourdieusian recruitment literature, suggesting that processes of cultural matching operate in both directions, and elaborating on the different forms of cultural capital valued by different firms. The role of social class is foregrounded throughout. Developing the idea that professional investors are heavily focused on the goal of winning a competition, a second theoretical contribution is the idea that individuals are so committed to that game that they fail to realize that they are also involved in a different game, namely the promotion and reproduction of the interests of the field of power. Specifically, the combination of professional investors' privileged upbringing and socialization as the archetypal "economic (wo)man" results in a profound dislocation from the interests and values of broader society; instead they embody the ideologies of financialization and neoliberalism. This is problematic given the momentous impact of the decisions and actions they take, not least the perpetuation of global social inequality.

It is important to stress that, in some cases at least, this is happening unconsciously and unreflexively, and the final contribution of the paper is to explore the relationship between habitus, *illusio* and reflexivity, suggesting that too much reflexivity can affect an individual agent's commitment to the field.

The paper opens with a discussion of Bourdieu's theories and his political writing. It then reviews the use of Bourdieu's work in studies of accounting and other professional service organizations, with a short section on prior qualitative studies of fund management. Following a short description of the research context and methodology it explores three research questions, at a micro, meso and macro level (Vaughan, 2008):



RQ1. What kind of people become fund managers and how do they enter the field?

RQ2. How is their habitus moulded by exposure to the field?

RQ3. What are the broader societal implications of these processes of recruitment and socialization?

## **2. Theoretical framing**

### *2.1 Bourdieu's Theory of Practice: field, capital, habitus, illusio, doxa and the field of power*

The conceptual foundation of this paper is Bourdieu's Theory of Practice. The analytical power of Bourdieu's theory rests upon the interconnection of a number of key concepts: his "theoretical triad" (Emirbayer & Johnson, 2008) of field, capital and habitus, plus the related concepts of illusio and doxa. Taken together, these concepts constitute a powerful analytical tool for studies of organizations and professions and their relation to the field of power; they are of particular appeal to scholars interested in studying struggles for power or domination (Malsch et al., 2011). The paper avoids a detailed discussion of Bourdieu's theories – see Carter and Spence (2014) for a full exploration of his ideas. Instead it offers a brief description of his core ideas before discussing in more depth the concepts most relevant to this study, namely cultural capital, habitus and illusio.

The foundation of Bourdieu's analysis is the field, the "critical metaphor in [his] work" (DiMaggio, 1979, p. 1462). Bourdieu's field is "a set of objective, historical relations between positions anchored in certain forms of power (or capital)" (Bourdieu & Wacquant, 1992, p. 16). As networks of social relations, fields are fluid sites of

competition – “arenas of conflict” (DiMaggio, 1979) – characterized by continuous struggles for resources. They are more or less stratified (Maclean et al., 2017), with individuals’ positions within any given field determined by the volume and combination of capital they possess (Bourdieu, 1986).

Expanding Marx’s concept of economic capital, Bourdieu identified three forms of capital: economic, cultural and social. Each of these is “capable of conferring strength, power and consequently profit on their holder” (Bourdieu, 1987, p. 4) through their conversion into symbolic capital. The most important forms of capital for this study are social capital and cultural capital. Social capital is a relatively straightforward concept – the breadth of an individual’s network and the power of those with whom they are connected (Bourdieu, 1986). As something relational which “does not exist and function except in relation to a field” (Bourdieu & Wacquant, 1992, p. 101), cultural capital is a more slippery concept within Bourdieu’s work (Prieur & Savage, 2011). Bourdieu (1986) does, however, offer a generalized description of the three forms cultural capital can take: institutionalized, objectified and embodied. Cultural capital is typically institutionalized through the possession of academic qualifications; it is objectified in the form of valued material objects; and it is embodied as long-lasting dispositions acquired through processes of cultivation, inculcation and assimilation (Harvey et al., 2011). This idea of cultural capital embodied through a process of social conditioning links closely to Bourdieu’s final core concept, that of habitus.

Habitus is the set of unconscious behaviours and dispositions which help an individual navigate a given field, a “generative principle of responses more or less well adapted to the demands of a certain field” (Bourdieu, 1990, p. 91) which is

acquired through an extended process of inculcation, socialization and education (Malsch et al., 2011). There is an “ontological complicity” between habitus and the field to which it is objectively adjusted which “manifests itself in what we call the sense of the game or ‘feel’ for the game (or *sens pratique*, practical sense), an intentionality without intention which functions as the principle of strategies devoid of strategic design, without rational computation and without the conscious posing of ends” (Bourdieu, 1990, p. 108).

The metaphor of the game seen above recurs repeatedly in Bourdieu’s discussions of his theory. The metaphor is embedded in the term “field” which, as Lemert (1981) describes, as *le champ* in the original French means both a force field and a playing field or battlefield. Bourdieu and Wacquant (1992, p. 98) clarify the metaphor: “We can indeed, with caution, compare a field to a game (*jeu*) although, unlike the latter, a field is not the product of a deliberate act of creation, and it follows rules or, better, regularities, that are not explicit and codified”. In this analogy, capital can be compared to the hand which a player is dealt and habitus (as in the quote above from Bourdieu, 1990) to how they play that hand.

Underlying the card game metaphor are two other key concepts: doxa and illusio. Illusio is “investment in the game” (Bourdieu & Wacquant, 1992, p. 116): players engage in the game actively, sometimes ferociously, because of their shared belief in the game and its stakes. This shared belief is what Bourdieu terms doxa, “the ‘undiscussed’ or ‘undisputed’, taken-for-granted assumptions accepted as self-evident in any field, unchallenged by orthodox or heterodox discourse of argument” (Bourdieu, 1977, p. 168).

Although Bourdieu's game metaphor serves a useful illustrative purpose, it risks presenting *illusio* in conscious, reflexive terms. This would be a misrepresentation; rather, as Bourdieu (2000) describes, as a state of "being in the world" (p. 135) or "involvement in the game of life" (p. 222), *illusio* operates at an unconscious or sub-conscious level, as something which is routinized and taken for granted. This is what gives it its strong reproductive power (Lupu & Empson, 2015):

"*Illusio* understood as immediate adherence to the necessity of a field is all the less likely to appear to consciousness because it is in a sense removed from discussion: as the fundamental belief in the value of the stakes of the dispute and in the presuppositions inscribed in the very fact of disputing, it is the unexamined condition of the dispute [...] *Illusio* does not belong to the order of explicit principles, theses that are put forward and defended, but of action, routine, things that are done, and that are done because they are things that one does and that have always been done that way" (Bourdieu, 2000, p. 102).

The final Bourdieusian concept which is pertinent to this paper is the field of power, a concept which is under-utilized in organizational studies despite its conceptual and empirical potential (Maclean & Harvey, 2019). Structured like any other field, the field of power can be conceived as a "field of power struggles among the holders of different forms of power" (Bourdieu, 1996, p. 264); Maclean et al. (2017) term it a "metafield of contestation" (p. 128). The stakes in this struggle are particularly high, namely "the dominant principle of domination" and "the legitimate principle of legitimation" (Bourdieu, 1996, p. 265).

The field of power is organized according to a chiasmatic structure based on two principles of hierarchization; the dominant principle is economic capital, the secondary cultural capital (Bourdieu, 1996). Over time the relative weights of these forms of capital will change, with significant implications for all sub-fields. Firstly, Bourdieu emphasizes the clear homologies between the structure of the field of power and the structure of sub-fields (Harvey et al., 2011, explore the idea of homologies between fields). These sub-fields are organized around the same two poles, economic capital and cultural capital; shifts in the structure of the field of power will affect them accordingly.

The second way in which the field of power affects sub-fields is a relational one. Bourdieu and Wacquant (1992) advise that the study of any field must start with a consideration of where that field sits in relation to the field of power. As an example, academics are a “dominated fraction of the dominant class” (Bourdieu & Wacquant, 1992, p. 104) while business people are a dominant fraction of that same dominant class (Bourdieu, 1996). In parallel with internal changes within the field of power, the relationship of any given field to that field of power will shift; over time the trajectory of that relationship can be mapped.

## *2.2 Politics in Bourdieu’s writings*

Themes of power, domination and struggle sit at the heart of Bourdieu’s scholarly project (Malsch et al., 2011); it is therefore not surprising that, particularly in his later work, ideas of resistance and protest came to the fore. This is exemplified by two collections of lectures and interviews, *Acts of Resistance: Against the New Myths of Our Time* (Bourdieu, 1998) and *Firing Back: Against the Tyranny of the Market 2*

(Bourdieu, 2003). As an example, in his speech “Job Insecurity is Everywhere Now” Bourdieu discusses the ubiquity of job insecurity in both the public and private sectors, considering the effects not only on those directly affected by unemployment but also those in work. Extending the analysis, he shows how an objective insecurity gives way to a “generalized subjective insecurity” which touches all workers; in this way he sees “insecurity-inducing strategies” such as labour flexibility working as the product not of an economic inevitability but of a political will.

Through this and other works Bourdieu sets out an ethical challenge to the pillars of the new economic orthodoxy: globalization, neoliberalism, financialization and a belief in the supremacy of markets (for discussions of the emergence of this orthodoxy see Epstein, 2005; Burgin, 2015). He summarizes the cumulative effect of these as “the return to a kind of radical capitalism, with no other law than that of maximum profit, an unfettered capitalism without any disguise, but rationalized, pushed to the limit of its economic efficacy by the introduction of modern forms of domination” (Bourdieu, 1998, p. 35). Neoliberalism had become doxic (Cooper & Joyce, 2013), with the neoliberal political field’s primary concern its own interests rather than those of the people it purported to represent (Bourdieu, 2000a).

### *2.3 Bourdieu in studies of accounting and the professions*

Bourdieu’s work has had a substantial impact in the sociology of education (Lareau & Weininger, 2003); his impact in the field of organization and management studies is smaller but growing (for reviews, see Golsorkhi et al., 2009, and Sieweke, 2014). Golsorkhi and his colleagues advocated Bourdieu’s theoretical toolkit as particularly

valuable for studies of the mechanisms of domination, a topic which they regarded as neglected in organizational analysis.

Within accounting literature, Bourdieu's theories have been used less frequently than those of other prominent social theorists (Malsch et al., 2011). Nonetheless, in their comprehensive review Malsch et al. (2011) found that "the complex and dynamic Bourdieusian praxeology, richly illustrative of power as domination, has allowed accounting researchers to make substantial contributions to the literature, often by studying struggles for power taking place in the accounting profession or in its peripheral regulatory spaces" (p. 197). In around half the cases they identified they found Bourdieu's theories used holistically. Similarly they found Bourdieu's theories deployed in support of political or social causes in around half the studies they reviewed; the other studies adopted a more dispassionate political approach.

Although not identified as such by Malsch et al. the field of fund management (the focus of this study) is proposed as proximate to the accounting profession: as a "consumer" of corporate accounting and CSR reports, as a field in which notions of accountability play a central role, and in terms of its homologous relationship to the field of power. Many of the concerns shared by accounting scholars – globalization, legitimacy and sensemaking, regulation, and life within elite professional service organizations (Carter et al., 2015) – are also played out within the field of fund management. Given the functional and social proximity of the two fields, the present study should therefore provide insights of value to accounting scholars.

In the remainder of this section, two main bodies of Bourdieu-influenced literature will be discussed; these relate to the research questions. The first explores routes into

professional service careers: what kind of people apply and how do recruitment processes serve to reproduce a recognizable business elite? The second considers the means by which individuals advance within their professions; the idea of socialization through *illusio* (Lupu & Empson, 2015) is an important one here.

Underpinning both these bodies of work is the shared definitional assumption that accountancy, law, investment banking and fund management are all elite professions. The literature discussed below can therefore be considered part of an “elite turn”, a revival in the study of elites which was instigated by Maclean et al. (2006), was followed by Savage and Williams (2008) and Zald and Lounsbury (2010), and is exemplified by the extensive Bourdieusian study conducted by Maclean, Harvey and their collaborators into business elites in France and the United Kingdom (Harvey & Maclean, 2008; Maclean et al., 2010; Maclean et al., 2012; Maclean et al., 2014; Maclean et al., 2015; Maclean et al., 2017).

The final section of the review considers prior qualitative studies into the field of fund management. This is a very small body of work which the present study seeks to extend through its use of a Bourdieusian theoretical approach to study field-level dynamics.

### *2.3.1 Bourdieu in studies of recruitment*

A number of recent studies have used Bourdieu’s theories to study the processes of recruitment into elite professional service (EPS) firms (Ashley, 2010; Ashley & Empson, 2013, 2016, 2017; Cook et al., 2012; Rivera, 2012, 2015). The common thread running through all these studies is the finding that these processes are socially loaded: in their pursuit of “cultural fit” firms tend to favour candidates with the



same narrow forms of cultural capital, in particular those coming from relatively privileged backgrounds.

The studies conducted by Cook et al. (2012) and Rivera (2012, 2015) exemplify this. Cook et al. (2012) adopted a Bourdieusian perspective to explore the process of entry-level admission into large City law firms in London, describing how the process favoured upper-middle class candidates endowed with institutionalized and embodied cultural capital. They found that decisions at interviews and assessment centres were often based on the “science of gut feeling” (Brown & Hesketh, 2004). These gut feelings related to the extent to which an individual candidate demonstrated fit with certain taken-for-granted norms associated with a City professional: not just hard work, conscientiousness and teamwork but also toughness, smart presentation and physical fitness.

Rivera (2012, 2015) studied the recruitment and selection processes in three EPS sectors: law, investment banking and management consulting. Challenging the dominant rationalist literature on hiring practices (see Pager & Shepherd, 2008, for a review), in particular the assumption that hiring firms focus on the match or fit between their needs and candidates’ skills (Cable & Judge, 1997), and borrowing the concept of “cultural matching” from DiMaggio (1992), Rivera’s empirical study found that “the notion of cultural fit, or perceived similarity to a firm’s existing employee base in leisure pursuits, background, and self-presentation, was a key driver of evaluation across firms” (Rivera, 2012, pp. 1006-7). Indeed, more than half the evaluators in her study reported that this was the most important criterion when selecting candidates. By contrast, the importance of technical or specialized skills was downplayed on the basis that these were gaps which could be filled by providing

training to competent new hires (Rivera, 2015). Importantly, this was not a question of maximizing fit with the organizational culture; rather, the quest for fit was operating primarily at an individual, interpersonal level: interviewers made hiring choices which followed a similar logic to the choice of friends or romantic partners (Rivera, 2015, p. 270).

The work done by Ashley (2010) and Ashley and Empson (2013, 2016, 2017) makes similar empirical observations. Ashley (2010) describes the persistence and potency of signifiers such as dress, speech and manner in reinforcing “barriers [...] erected by the legal profession on the basis of social class” (p. 719) while Ashley and Empson’s work goes beyond Rivera in problematizing these exclusive practices – drawing on Adams (2015) and Parkin (1974) they argue that social exclusion from the professions contributes towards wider social inequalities – and in exploring a striking paradox: why do these practices continue at the same time as firms are enacting policies to drive increased diversity (Ashley & Empson, 2017)?

Several explanations for this paradox are proposed. The first is that in knowledge-intensive firms it is hard to judge the relative or absolute quality of work. It is hence vital to present an “upmarket” image as a proxy for “quality” (Ashley & Empson, 2013); as a result, possession of the appropriate forms of embodied cultural capital is highly valued. A second, related explanation extends the notion of fit. On one hand, fit refers to the conceptualization found in Rivera (2012): a clear match with the characteristics (social and cultural) of the existing members of the firm. Ashley and Empson (2017) propose a second, broader conceptualization: “ensuring that new professionals conform to the specific norms of the sub-field of elite PSFs in which they operate” (p. 223). There are clear homologies between the individual firms

studied (lawyers, accountants, investment banks and management consultants); all are part of a “professional project” and sit in proximity to the field of power.

### *2.3.2 Life in the field: Bourdieu in studies of socialization and advancement*

The second significant body of Bourdieusian research considers the theme of advancement: having been recruited into a given field, on what basis do individuals climb corporate hierarchies? Focusing on the field of accounting, the work done by Spence, Carter and colleagues (Carter & Spence, 2014; Spence & Carter, 2014; Spence et al., 2015; Spence et al., 2016; Belal et al., 2017; Spence et al., 2017, 2017a) makes a substantial contribution in this regard.

The core of this body of work is an interrogation of the habitus of the successful accounting professional. This involves an exploration of two themes: first individuals’ personal background (their social origins, their motivations, their extra-curricular interests) and second their fit with the “professional habitus” of Big 4 accountancy firms. In contrast to the recruitment studies described above, the study by Carter and Spence (2014) of partners of three of the Big Four accountancy firms found that social class did not constitute an “insurmountable barrier” to membership; on the contrary, successful partners possessed the specific cultural capital which the firm rewarded, namely the commercial ability to grow revenues and to strengthen client relationships. This reflected the entrenched commercialization of the accounting profession (Anderson-Gough et al., 2000, 2001; Gendron, 2001, 2002; Robson et al., 2007; Kornberger et al., 2011). Spence and Carter (2014) echoed these findings in their exploration of the professional habitus: a “commercial-professional logic” was given greater status than a “technical-professional logic”.

These findings were tested in a number of comparative studies. Spence et al. (2015) looked at Big 4 firms across four countries (Canada, France, Spain and the UK), asking what made someone “partnerable”. They found significant similarities between fields, most notably the same emphasis on the commercial aspects of their work; the one major difference was that the French partners tended to come from socially elitist backgrounds. Spence et al. (2016) extended the analysis to include Bangladesh. Again they found significant similarities between fields in terms of the partner’s habitus, particularly a dominance of economic capital (except in Bangladesh) and the crucial role of social capital.

The study by Spence et al. (2017) of the Spanish accounting field looked at differences within the same field, exploring the different motivations and leisure pursuits of senior professionals working in private and public sector firms. The private sector partners displayed the same values and priorities as those seen in prior studies, most notably a dominant emphasis on economic capital; these contrasted strongly with the motivations of the public sector accountants who were characterized by their commitment to public service and their attachment to the venerable traditions of their institutions. Spence and his colleagues framed this attachment as *illusio*, arguing that individuals’ “bewitchment” by the stakes of the game made them “susceptible to the dynamics and power relationships of the wider political field upon which they depend” (p. 221). Put differently, if private sector partners were colonized by the commercial needs of their clients, those working in the public sector were beholden to the will of elected politicians.

This concept of *illusio* is little used in organizational and management studies (Lupu & Empson, 2015). It has, however, been used selectively in studies of accounting;

examples include work by Cooper and Johnston (2012) and Cooper and Joyce (2013), where the concept is used to explain the emotional investment of football fans in the teams they support; by Spence and Brivot (2011), who used it to examine processes of social closure within the historic field of Montreal accountants; and by Farjaudon and Morales (2013), who explored the relationship between *illusio*, agents' reflexivity and the emergence of a consensual *habitus*. (The study by Maclean et al., 2012, explores in some detail reflexivity and *habitus* as a "mediating duality".) Farjaudon and Morales argued that if *illusio* serves to strengthen the effect of symbolic violence on field actors (symbolic violence only works on those who accept its rationales), this consensual *habitus* drives non-reflexive behaviours: "the more compatible a person's *habitus* with the logic, the more his or her actions occur non-reflexively, such that they are perceived as more natural or casual" (p. 158).

Of particular relevance to the present study is the paper by Lupu and Empson (2015), in which the concept of *illusio* is used to explore processes of socialization within the accounting profession. The puzzle Lupu and Empson sought to answer was why experienced and senior accounting professionals continued to comply with organizational pressures to overwork. Their explanation was framed in terms of the *habitus* and *illusio* of those individuals; *habitus* is mutable and malleable but the more an individual embodies the *habitus* of the field (a *habitus* which, as Spence and Carter have shown, is linked to the pursuit of economic and symbolic capital), the more likely they are to succumb to the *illusio* of the field in terms of their "visceral commitment" to it (Bourdieu, 2000).

Lupu and Empson frame this phenomenon as the "autonomy paradox": those who are most successful in playing the game are also the most susceptible to being

captured by it (p. 1330). Echoing Farjaudon and Morales (2013), they find that individuals' submission to *illusio* is not voluntary but is instead the effect of symbolic power; importantly, those who occupy dominant positions within their field are as subject to symbolic power as those they dominate.

### *2.3.3 Professional elites and the field of power*

Cooper and Joyce (2013: 113) observe that, with the exception of Oakes et al. (1998), academic accounting literature has tended to neglect the concept of the field of power. Within the broader organizational literature, a substantial contribution has been made by papers authored by Maclean, Harvey and colleagues; the common interest of these papers is how and why certain individuals climb to the top levels of the field of power.

In this vein, Maclean et al. (2010) traced two phenomena: the “ascension” of a small number of corporate agents to positions of dominance, and the subsequent “accession” of a subset of this group to what they termed the power elite. The allusion here is to Bourdieu's own concept of the power of consecration, defined as the ability of elites to institutionalize the criteria of entry to that elite (Bourdieu, 1993; Rivera, 2015).

Maclean et al.'s longitudinal study illustrates the extent to which corporate power in both France and the United Kingdom is concentrated among a small number of dominant individuals. Though the authors found significant differences between the two countries, several themes were common to both: the importance of family and education in endowing individuals with valued forms of capital, the central role that

organizations play in structuring careers, and the correlative relationship between the pace of capital formation and individuals' ability to accede to the power elite.

These themes are developed in Maclean et al. (2014, 2015, 2017). These papers explore in different ways a similar research question: why in France do certain individuals reach the status of “hyper-agents” (actors who make things happen) while a majority remain “ordinary” members of the elite. Their common findings are the persistent influence of social class (challenging ideas of meritocratic inclusivity) and the power of networking: “high-status agents *select* one another” (Maclean et al., 2017, p. 143, italics in original).

#### *2.3.4 Studies of the fund management industry*

In striking contrast to the field of accounting, very few qualitative studies of the fund management industry have been published. Arjaliès et al. (2017) identify just two areas of mature research – the effects of fund management on corporate behaviour and the importance of how firms are classified – along with several areas of emerging scholarship such as the influences (education, career-stage) on investors' risk tolerance and the influence of gender on investment returns and business flows.

One of the recurring themes of Arjaliès et al. (2017) is the impression management performances (Goffman, 1959) undertaken by professional investors. Similarly, and building on the work of Holland (1998) and Roberts et al. (2006), Solomon et al. (2013) applied Goffman's theory to the area of private social and environmental reporting (SER), finding a complicity between investors and reporting companies which serves to undermine the effectiveness of these meetings as a mechanism for social and environmental accountability.

Eshraghi and Taffler (2015) looked at fund managers' impression management from a different perspective. Their starting point was the idea that participants in the field know that it is almost impossible to outperform the market on a consistent basis over the long term. Faced with this, they tell stories, both to themselves and to others, as a means of making sense of the uncertain world in which they operate; this also helps to legitimize what they do. Taffler et al. (2017) further developed the idea that the fund manager contends with an existential anxiety based on the "impossible" job they are asked to do: "The pressure-cooker combination of the need to produce consistent results in an environment where future outcomes are inherently uncertain and, in the face of a number of extraneous variables that are impossible to control, engenders considerable worry, stress and anxiety" (p. 59).

Responding to the question posed by Barker et al. (2012) – why do fund managers place so much emphasis on their meetings with companies when no price-sensitive information can legally be disclosed at those meetings – Taffler et al. suggest that the value of these meetings is that they allow fund managers an opportunity to "offload" their anxiety. This contrasts with the view of Roberts et al. (2006), who saw such meetings as a powerful disciplinary tool, forcing company executives to follow the imperatives of the shareholder value orthodoxy.

None of these prior studies address, however, the core questions of this research:

*RQ1.* What kind of people become fund managers and how do they enter the field?

*RQ2.* How is their habitus moulded by exposure to the field?

*RQ3.* What are the broader societal implications of these processes of recruitment and socialization?



This paper complements the studies mentioned above by applying a Bourdieusian perspective to explore how recruitment practices contribute to the reproduction of social exclusivity within the field of fund management. Firstly at a micro level it looks at individuals at the point of entry to the field, examining what attracts them to the field and how they gain admission to it. Secondly, at a meso level it examines the habitus of field practitioners. Finally at a macro level it uses the concept of *illusio* to interrogate the interesting tension which can arise between the values and principles of the fund manager as citizen and as practitioner, showing that this tension carries significant societal implications.

### **3. Research context**

The context for this research is the fund management cluster based in the city of Edinburgh, UK. Fund management (defined as the construction of portfolios of shares, bonds or other assets on behalf of pension funds, life insurance companies or individual investors) has a long history in Edinburgh; the accounts by Fransman (2008) and Perman (2019) describe the important role played by the city's institutions in developing and exporting innovative fund structures. The city remains a significant centre for fund management, with firms head-quartered in the city accounting for 25% of the total assets managed by UK-headquartered fund managers (The Investment Association, 2019).

### **4. Research methods**

The core of this study involves an exploration of the individual and collective habitus of practitioners working in the field. Such an undertaking inevitably drives the research design; given that habitus is an unconscious set of dispositions it can only

be examined through direct contact with the research object (Carter & Spence, 2014), though not through direct questioning. This direct contact took two forms: first, a total of 32 semi-structured interviews with individuals who worked or had worked as “front-office” professionals (i.e. portfolio managers or analysts) within the Edinburgh fund management cluster; and second, an interrogation of the researcher’s own experiences as a former practitioner with 24 years’ experience in the same field. A schedule of interviewees is shown in Table 1 (all individual names have been anonymized).

[INSERT TABLE 1 HERE]

Practitioners were recruited through a process of snowball sampling (Biernacki & Waldorf, 1981; Browne, 2005); this helped to guard against the dangers of confirmation bias (Nickerson, 1998) and opened up dynamic social networks to which the researcher would not otherwise have had access (Noy, 2008). This was particularly true of investors aged below the age of 35, who made up almost two-thirds of the total informant population; these informants had different and often surprising insights which helped to maintain an “epistemology of surprise” (Guyer, 2013). Overall, three-quarters of the informants were people not known to the researcher prior to this study.

The interviews were conducted between June 2018 and November 2019 and lasted between 45 and 90 minutes. Where permission was granted they were recorded and transcribed; in total 230,000 words of transcribed text were generated. Reflecting the subjectivist ontology underpinning this research and following the example of Spence

and Carter (2014), the transcriptions were not formally coded but instead were read repeatedly until key themes started to emerge.

The interviews covered seven of the eight largest firms in the city; the data collection was concluded after 32 interviews due to a sense of saturation characterized by a decline in the volume of incremental and original material. Interviews followed a life-history structure (Maclean et al., 2012), with participants invited to reflect on their background, education and experiences in the field; these discussions took the form of a guided conversation (Kvale, 1996). In addition they were asked to discuss archetypes of what made a “good” fund manager; this is the technique employed by Spence and Carter (2014) to appraise the habitus of practitioners: “The professional habitus is explored by probing what individuals perceive to be the necessary attributes and characteristics of successful professionals in these firms” (pp. 948-9).

Alongside this exploration of others’ habitus, the researcher interrogated his own former habitus as a practitioner. This was not an easy process, involving as it did a crucial distancing through the mediation of a rigorous and active reflexivity (Cunliffe, 2003; 2011), but it yielded substantial benefits. As Bourdieu describes, habitus renders agents comparable to a fish in water; they take the world around them for granted (Bourdieu & Wacquant, 1992, p. 127). The advantage of this approach was that it allowed the researcher to challenge those assumptions he had previously taken for granted; doing so yielded valuable insights into the habitus of individuals socialized into the field.

## **5. Micro-level analysis: what kind of people become fund managers and how are they admitted to the field?**

This section discusses the motivations and social backgrounds of those entering the field of Edinburgh fund management, and the processes by which they are admitted to the field. It extends the ideas of “fitting in and filtering out” (Ashley, 2010) and cultural matching (Rivera, 2012), framing both as two-way as opposed to uni-directional processes. The discussion also highlights some of the key differences between the field of fund management and the field of accountancy.

As a starting point, all research participants entered the field with a rich endowment of cultural and, frequently, social capital. As regards the latter, one of the striking contrasts between fund management and other professions is the much lower profile it enjoys:

“I came up here genuinely oblivious to it. I didn’t know, certainly with regards fund management, it’s not a very well-known industry. So if you go to a careers fair, you can’t move for lawyers and accountants and management consultancies. [...] But in terms of fund managers, there’s often not so many.”  
(Sam)

Echoing this, Ollie spoke of the opacity and inaccessibility of the fund management industry, while after ten years in the industry Peter explained how his family still thought he worked in a bank. Many of the participants had no prior knowledge of the sector before applying for a job; for them social capital played an important role in overcoming these barriers of opacity and inaccessibility. That social capital plays an important role in helping people to find a job is well known (Granovetter, 1973; Lin &

Dumin, 1986; Adler & Kwon, 2002); this paper explores in more granularity the ways in which this process works.

The first mode of deployment can be labelled an “interventionist” one. A simple example of this is Steven, a high-level rugby player, who was introduced to the chief executive of his first firm through a mutual interest in the sport. (It is worth noting that in Edinburgh rugby is mainly played in private schools; hence it has very different social connotations than it might in rural or industrial areas elsewhere in the UK.) Similarly Angus’ first contact with his subsequent employer was through a shared interest in rowing, another socially-recognized activity.

The more common mode of deployment, however, was the “informational” one. This took different forms. Having left university without a clear idea of what to do next, Claire, Sam and Adam were all pointed in the direction of fund management by family members or friends. Rebecca received specific advice on which Edinburgh firm to apply to by a neighbour while they were both taking out the garbage; the neighbour worked at a large fund management firm. Harry received similar advice:

“And I had chats with a couple of family friends who work or run competitors, and they said ‘well, if Emerald offers you a place, we think they can give you a better training than we can – jump at that’ ”.

The latter cases exemplify a wider phenomenon: field insiders offering a “helping hand” to those they recognize as possessing the appropriate forms of capital, thereby ensuring the reproduction of the field through the admission of the “socially fit” (Mills, 1958).

Moving to a discussion of cultural capital, the starting point is that every interviewee was endowed with large volumes of institutionalized cultural capital acquired through their secondary and tertiary education at elite establishments. 20 of the 32 informants were privately educated, a higher proportion than the industry average of 42% of new entrants (The Sutton Trust, 2014), and all were university-educated to at least undergraduate level. The universities attended broke down into three similarly sized groups: Oxbridge, Scottish and other UK such as Durham, Exeter, and Newcastle. All but two of the participants had attended a Russell Group university<sup>2</sup>.

Beyond cultural capital in its institutionalized form, it was noticeable that individuals also possessed large volumes of embodied cultural capital, in many cases acquired and assimilated through their upbringing in high-powered environments which valued vigorous debate and intellectual jousting. Fund managers are typically high achievers. They are thoughtful, confident and articulate and often aware of their intelligence: “You’ll never meet a cleverer group of people” (Fiona). This is particularly true of those with an Oxbridge education:

“[O]ne of the things I do notice is a lot of my friends who have come from Oxford and Cambridge, what they do really, really well is they’re able to articulate their thoughts very, very well. In a very charismatic manner, that when you listen to them you’re like ‘oh my God, they sound clever’.” (Anna)

What Fiona and Anna invoke here, from insider and outsider perspectives respectively, is the effortless superiority of these individuals. These are people suffused with a strong sense of their intelligence and their articulacy. Highly aware of

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<sup>2</sup> The Russell Group represents 24 leading UK universities (<https://russellgroup.ac.uk>). The term is associated with excellence in the UK university sector.

their ability to dazzle and persuade their interlocutors, they present a very different profile from the accountants described by Spence and Carter.

While those entering the field all possessed high volumes of capital, their motivations fell into two distinct categories: those who were primarily attracted by the financial rewards the sector offered, and those for whom remuneration was a secondary consideration. In Bourdieu's terms the first group can be seen to be privileging the accumulation of economic capital; this group had typically studied a finance-related subject at university, with a higher skew to Scottish universities, and had a higher proportion of state-educated pupils.

While this first group conformed broadly to the archetypal accountant described in Carter and Spence (2014), there existed a second group, roughly equal in size, which boasted very different characteristics. The dominant discourse in this group was a passion for research and a desire to understand the world. Investment was here framed as "intellectual fun" (Patrick) or a proxy for the academic life:

"And to be fair, fund management's a pretty special profession in that you are able to, it's as close as you can get to academia, right?" (Harry)

The attraction of the role to Harry and others was the freedom it gave them to indulge their passion for research in ways which would not be possible in other occupations. The underlying attitude here is one which frames such a passion as a "higher calling" in comparison to other, more instrumental activities.

Mirroring Hagstrom's (2000) conceptualization of investment as "the last liberal art", this is a very unusual positioning vis-à-vis other professional service firms; the literature does not describe lawyers or accountants talking in these terms. Instead we

see here the “pure gaze” of Bourdieu’s intellectual aesthete (Bourdieu, 1984), a gentlemanly archetype which, through the march of professionalization and commercialization, has disappeared from the Big 4 accounting firms (Carter & Spence, 2014). These are individuals who have grown up in circumstances removed from economic necessity, rich in cultural capital, and characterized by an “ease”, a “distant, self-assured relation to the world and to others which presupposes objective assurance and distance” (Bourdieu, 1984, p. 56).

It can thus be seen that individuals are self-selecting into the fund management sector from a very narrow sliver of society. The candidate pool is further filtered through firms’ recruitment practices; as Cook et al. (2012), Rivera (2012) and Ashley and Empson (2017) found, hiring decisions were strongly linked to individuals’ possession of certain forms of cultural capital. Cultural fit was clearly privileged over technical ability, although the social class dimension of this fit was often misrecognized:

“Because the team, it’s probably the most important thing in the interview process is that you’re going to get on with the team. That you fit in culturally. So it doesn’t really matter your background, if you don’t fit in culturally it’s not going to work.” (Catherine)

“And then after that I had a very strong impression it was about them wanting people they felt they could work with rather than necessarily the smartest person or whatever. They wanted someone who is personable, trainable and is smart as well.” (William)



This privileging of certain forms of cultural capital can lapse into discrimination (Ashley, 2010), as illustrated by this story told by Sarah:

“I saw a time when two interns applied for a job. And one of them was wearing a suit, very articulate, and both his parents were very successful lawyers. And the other one was ginger, overweight, and had a strong Scottish accent. He was better, he was sharper. He’d worked in a shop, he’d become a shop manager, blah blah blah. He also was going to a very good university to do history. And nobody said it but I swear the reason he didn’t get offered the job was because he couldn’t jettison in straightaway and fit that mould. And it really upset me because I thought actually this guy is incredibly bright and could come up with really interesting strains of thought that we haven’t thought of. And the guy who did come in had had such an easy life that he may have been very articulate but he was lazy.”

Sarah’s story exemplifies the bias within firms’ recruitment activities towards candidates who meet the requirements of the field in terms of social and cultural capital. The candidate who possessed and exhibited the cultural and social capital of the upper class enjoyed substantial advantages which trumped the academic achievements and diverse perspectives of the other candidate. This is how the dominant class reproduces itself; the barriers to outsiders are formidable: coming from a working-class background, Ronnie “had to break down doors to get in [t]here”.

### *5.1 “Technical-cultural” capital*

While possession of the “right” forms of cultural capital is clearly important, this study extends earlier articles by identifying the two distinct combinations of cultural capital

valued by Edinburgh-based firms. The first of these is recognizable from other professional services contexts and can be termed “technical-cultural” capital; this is acquired through a specialist education, a long list of achievements (sporting excellence is valued particularly highly) and the possession of qualities such as commitment, leadership and resilience.

These traits are typically identified through a standard assessment centre approach. Those who had gone through this approach described a clear privileging of confident presentation and high levels of achievement. These were the attributes that, as a recruiter, Angus was looking for in candidates; he liked “[p]eople who had struck out and done something else. And I’m still acutely sensitive of that. Because it shows a drive and determination and a degree of spirit”.

## *5.2 “Traditional-cultural” capital*

The second combination of cultural capital is much more idiosyncratic. This is termed “traditional-cultural” capital and is acquired through very different means: a generalist education and a more cerebral set of qualities, including originality, critical thinking, interestedness and the ability to construct robust arguments. The process of identifying candidates with this combination of cultural capital looks very different: highly stylized and entirely qualitative in nature, it more closely resembles an Oxbridge interview (Christina) than a conventional job interview.

From a candidate’s perspective, Rebecca described how this form of interview tests their “ability to hear what is being said back to you” and “strength of mind and position”. Describing his experiences as an assessor, Patrick echoed this: he is “trying to gauge the curiosity, open-mindedness” of applicants. Going on, he

expressed scepticism about candidates who “self-select” into the industry from a conventional finance background:

“But we’ve found historically the best investors have very little background – they haven’t studied Finance [...] So we’re looking for people that, I suppose, see the world a bit differently. I have the view definitely that you can teach an intelligent person finance principles fairly easily.”

It is not surprising that this approach favours candidates with the very specific institutionalized and embodied cultural capital bestowed by the distinctive aspects of an Oxbridge education. The Oxbridge tutorial system, dining practices (explored by Dacin et al., 2010) and a highly competitive environment all foster the development of the critical thinking, reasoning and discursive skills which these firms value, and the conversational confidence which Anna described earlier.

Although the two processes described here are very different and select candidates with very different combinations of cultural capital, in both cases the acquisition of that capital is intrinsically linked to social class. Both the assessment centre path and the “Oxbridge-interview” path inevitably favour candidates with strong reserves of what Rivera (2015) termed “pedigree” and “poise”, supported by family backgrounds which encouraged a culture of cut-and-thrust debate and allowed the participation in “disinterested” activities (Bourdieu, 1984) which could result in the acquisition of “achievement capital”. Where candidates don’t come from a privileged social background, additional emphasis is placed on their academic and sporting achievements. Drawing on his experiences Ronnie also testified to two additional

necessities: the ability to “fake it” and aggressive networking activities which in his case introduced him to influential sponsors.

This section has explored the social backgrounds of those entering the field and the processes by which they were admitted to the field. It extends existing ideas of fit and cultural matching (Rivera, 2012) by suggesting that even before they enter recruitment processes focused on identifying “socially fit” candidates (Mills, 1958), they have first self-selected into the industry based on a perceived match of cultural capital. The discreet nature of the Edinburgh investment field also underlines the important role of social capital as part of this process (historically those in the field have maintained a low profile and followed a code of “gentlemanly conduct”. Perman, 2019, describes the social sanctions meted out to transgressors). In turn, recruitment processes permit the translation of this accumulated cultural and social capital into economic capital, in the form of earnings potential.

Having examined the socially privileged backgrounds of many of the entrants to the field, and the exclusionary processes by which they are admitted, the next stage of the analysis is to interrogate the habitus of seasoned practitioners within the field and to theorize the means by which that habitus is acquired.

## **6. The investor’s habitus: commitment to the competition**

Habitus and reflexivity are “empirically elusive” concepts (Maclean et al., 2012, p. 390). The analysis presented in this section follows Spence and Carter (2014) in discussing with experienced practitioners the attributes they consider to be necessary for success in the field. These are supplemented with observations and episodes from the researcher’s own experiences as a practitioner.

As a set of “durable, transposable dispositions” (Bourdieu, 1977, p. 72), it naturally follows that an individual’s habitus will bear the heavy imprint of their upbringing (Hartmann, 2000). It is hence not surprising that in their accounts they place a heavy value on qualities such as confidence, particularly when it is combined with humility. This is a common trope within the field, the idea that investors need to trust their decision-making judgement while at the same time also challenging it; they need “a healthy balance between humility and arrogance” (Edward). Another commonplace was the requirement for intellectual curiosity and open-mindedness. This can again be linked to upbringing and education; in part it evokes the same humility discourse (“I remain curious because I recognize the limits of my knowledge”) but it also speaks to upper-class modes of enquiry and debate.

Following Hilgers’ (2009) conceptualization of the habitus as existing in a state of “permanent mutation”, other aspects of the fund manager’s habitus bear the imprint of individuals’ professional experience. Two dominant ethics emerge from the analysis: a “competitive ethic” and a “client focus ethic”. Though each of these clearly has their roots in formative experiences, they are heightened and developed through exposure to the field.

The ubiquity of competition is neatly summarized by Molly’s account of why she saw herself as an outlier in terms of her firm’s previous hires:

“But if you look at what it was like back then, I don’t think they were particularly looking for a cultural fit because I don’t think I am really. Like if you look at the people they’d hired before me there is a type. One I’m not a man, two I’m straight out of uni, three I’m not sporty. Ok, I’m somewhat competitive but

pragmatically so. I'm much more creatively driven than I think most people are. I'm aesthetically driven."

The language of games and of competition is deeply embedded into fund managers' discourse; they speak of "playing the market", "beating the index", "losing money", "running your winners" and placing "stock bets". The central place of the game metaphor in investors' navigation of their field is underlined by the title of an influential practitioner paper, "The Loser's Game" (Ellis, 1975). More than that, however, the field is itself set up as a competition. The performance of individual funds (and their managers) is published regularly in league table form and successful fund managers publicize their "top quartile" performance over given time periods.

In Bourdieu's terms, this institutionalized game permits the accumulation of performance/reputational capital which, through performance-related bonuses and the potential ability to "win" assets from new clients, can be exchanged for economic capital. Conversely, losers in the game – those who deliver relatively weak investment returns – must contend with a loss of reputational capital which threatens their ability to survive in the field.

There is hence an essential focus on client outcomes which is reflected in the second ethic, the "client focus ethic". Fund managers invoke this idea through words like "principled", "serious", "careful" and "focused". Their self-presentation here is as dedicated professionals working selflessly for the benefit of their clients; of course, this self-presentation may be mediated by the stake they have in these representations (Whittle et al., 2014).

An important point to note, however, is that these clients exist in the abstract. As Arjaliès et al. (2017) discovered, fund managers very seldom meet the women and men who save into the pension funds which they manage; rather, their “client meetings” are mediated through one or more of the intermediaries (investment consultants, pension fund trustees) sitting between them and the ultimate saver. Joe emphasized this point: “It [the client] is an abstract, because it’s a chain of responsibility... By the time you get to the end-investor, it’s a bit hazy to be honest.” This abstraction has important consequences which will be discussed in the next section; the suggestion here is that unlike Anderson-Gough et al.’s (2000) argument that the client exists as a discursive device and a means of exercising control over young practitioners, here the abstraction fulfils a different role: dehumanizing the client is a means of reinforcing dominance over them or of allowing the fund manager to legitimate their activities.

These elements can be assembled into a composite portrait of the professional habitus of the successful fund manager; their need for success is manifested in a relentless drive, a fondness for robust debate, and a rigorous and diligent approach to their job. On the negative side, however, individuals’ accounts described poor listening skills, impatience, self-centredness and hectoring/bullying attitudes towards those they see as their inferiors. They can appear haughty, distant or arrogant when investment performance is good; when it is poor they can lash out.

This portrayal of the fund manager differs materially from the observations of previous scholars. From this perspective the over-riding concern of the professional investor is not – as Eshraghi and Taffler (2015) and Taffler et al. (2017) contend – the impossibility of the task they have been set, namely the consistent generation of

excess returns over an extended period. Rather, their day-to-day motivation is a competitive one. This paper argues that the process of socialization within the sector brings this “competitive ethic” to the fore, irrespective of individuals’ original motivations. Fund managers accordingly share a common goal – to beat their rivals – and, moreover, believe that they have the tools to do this; armed with what they see as superior insights, greater experience and a better investment process, their starting-point is one of confidence, not anxiety.

## **7. Macro-level implications: *illusio* and dislocation**

The previous section discussed investors’ deep-rooted commitment to the competition in which they are engaged. This is not Bourdieu’s *illusio* for a simple reason: participants enter into this competition knowingly. Moreover, the rules of the game are recognized and widely acknowledged: success generates reputational capital while failure ultimately results in expulsion from the field. However, the concept of *illusio* is nonetheless helpful for an analysis of the field, in particular to explore the field’s relationship to the field of power and to explore the conflicts which can in some cases arise between the fund manager’s personal values and the values they adopt as part of their professional habitus.

Echoing the ideas of Ashley and Empson (2017), there are several reasons to argue that the field of fund management sits in close proximity to the field of power. Arjaliès et al. (2017) used the metaphor of the chain of finance to show how the decisions made by fund managers have dramatic implications on, on one hand, the future prosperity of savers and, on the other, the allocation of capital within the economy. The power implied by this central role has been strengthened by the influence of



financialization (Epstein, 2005) which, in Bourdieu's terms, has increased the relative importance of economic capital; controlling the flows of that capital consequently bestows great power. From a different perspective, as described by Roberts et al. (2006) and Barker et al. (2012), fund managers are regularly rubbing shoulders with the captains of industry in formal meetings. The relationship with senior executives goes well beyond this: fund managers are responsible for holding them to account on issues of corporate and social responsibility, meaning (among many other things) that they approve executives' pay packages.

Given the powerful social position the sector holds (Arjaliès et al., 2017), it is important to examine some of the macro implications of the observations already made. Firstly, in terms of the socially exclusive pool from which industry entrants are drawn, it can be seen that this undermines the industry's ability to reflect and enact what might be termed the wishes and values of their broad client base, the women and men saving into their pensions in order to fund their retirement.

Sarah described her experience of this social dislocation:

"I was in one investment meeting where somebody said 'iPhones are basically a form of consumer staple', you know. A consumer staple is like toothpaste! And they meant that with all seriousness – they never met anyone who couldn't afford an iPhone. Which is very bizarre. And I think it's important to remember our investment decisions should be representative of what's actually going on, as opposed to our reflections of what's going on."

If this social dislocation is rooted in individuals' upbringing, their socialization into the field also plays a significant role. It can be argued that the professional investor is the

closest living embodiment of the archetypal “economic (wo)man” – “utterly selfish and infinitely greedy, caring about nobody but himself” (Collier, 2018, p. 10). An investor sees the world in very simple terms: markets are all powerful and companies should be run for the benefit of shareholders. Seen through this economic lens, issues like excessive executive pay, worker insecurity and companies’ tax avoidance schemes are not problematized; if they boost corporate earnings or cash flows, they are good things.

Some of the individuals within this survey would recognize themselves in this description; others would not. Indeed, there may be a significant dislocation between individuals’ personal values and those represented above. In some cases this dissonance will lead them to leave the field (as an example, one former Edinburgh investor is now an academic theologian) but an important question still arises: how can this conflict emerge and persist?

The concept of *illusio* offers one possible explanation. Investors are so highly committed to the game they know they are playing (the game of beating their rivals) that they fail to realize that they are also engaged in a different game: the reproduction of the interests of the dominant class. Indeed, the more committed they are to the former, the more likely they are to be “sucked” into the latter game. As a consequence they promote and reproduce the interests of the global financial elite, namely the concentration of power and wealth in the hands of a tiny minority, the pursuit of growth, an overwhelming faith in the ideology of free market neoliberalism, and a total disregard of the problem of growing social inequality in Western countries (Stiglitz, 2012; Piketty, 2014). Reflecting this, Daniel characterized the fund management industry as a “wealth transfer system”, describing the industry as

“individualistic, confident, elitist, aggressive and materialistic”, a striking contrast to its self-image as a “thoughtful” and “principled” profession.

This research suggests that the promotion of these interests is so deeply ingrained in the field that they fail to feature in most investors’ accounts; they are invisible and taken for granted. No-one who wishes to succeed in the “game of professional investment” can afford to challenge this orthodoxy; this is the power of *illusio* in action.

## **8. Conclusions: *illusio*, habitus and reflexivity**

This paper has argued that the habitus of professional investors is formed by two sets of influences: their socially exclusive backgrounds and their socialization within the field. At a micro level, it developed earlier ideas of cultural matching (Rivera, 2012) to show this as a two-way process and described the different forms of cultural capital valued by different firms. At a meso level it characterized the habitus of the professional investor as being dominated by a thirst for competition. Finally, at a macro level it used the concept of *illusio* to suggest that individuals’ commitment to the competitive game they know they are playing draws them into a different game to which at least some commit unreflexively, namely the reinforcement and reproduction of the ideology of free markets and shareholder value. This forces on them a set of values and attitudes which in some cases can contradict the more liberal set of values and attitudes ingrained through their upbringing – producing what Bourdieu described as a “cleft habitus” (Bourdieu, 2004).

The misrecognition of this commitment has important consequences for broader society, for example in undermining the investment industry’s claims to invest in a

socially responsible way or its ability to address the severe diversity problems it now faces. This is not, however, a story of individual or collective hypocrisy, nor of Sartrean bad faith; rather, it reflects a collective failure of reflexivity. In this respect it is interesting to revisit the work of Farjaudon and Morales (2013), and in particular their idea that *illusio* and *habitus* combine to drive non-reflexive behaviours. That appears to be happening in this case, giving rise to an interesting paradox: even actors in a field close to the field of power are subject to the symbolic violence which Farjaudon and Morales describe.

Another implication is the idea that in order to succeed in a given field, certain actors may need to “suspend” their reflexivity in order to avoid the dissonance generated by the potential conflict between individual and field values. Modifying the assertion in Maclean et al. (2012) that reflexivity helps practitioners to advance in a field, this paper suggests instead that too much reflexivity can in some cases be a bad thing, causing as it does an irreconcilable clash on the part of the actor. An interesting theme of this research project was that the individuals with the most original insights were those with the weakest ties to the sector; while still possessing large volumes of consecrated cultural capital they nonetheless maintained a certain level of critical distance. Too much distance can result in the actor leaving the field or failing to advance within it, and there were instances of this; this in turn serves to exacerbate the lack of diversity and social inclusivity in the field, thereby reproducing a potentially limiting monoculture.

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Table 1: Schedule of interviewees

<i>Name</i>	<i>Age</i>	<i>School type</i>	<i>Place of upbringing</i>	<i>Degree</i>	<i>University type</i>
Adam	20-25	Private	Other UK	Languages	Oxbridge
Angus	46-50	Private	Scotland	Languages	Other UK
Anna	25-30	International	International	Finance	Scottish
Catherine	31-35	State	Scotland	Business	Scottish
Christina	21-25	Private	Other UK	Politics	Oxbridge
Claire	21-25	Private	London	History	Oxbridge
Daniel	46-50	State	Scotland	Law	Scottish
Edward	31-35	Private	Scotland	Law	Oxbridge
Fiona	46-50	Private	Home Counties	Economics	Other UK
Hamish	36-40	Private	Scotland	History	Oxbridge
Harry	26-30	Private	London	PPE	Oxbridge
Ian	31-35	Private	Scotland	Law	Oxbridge
Joe	51-55	State	Scotland	Economics	Scottish
Martin	31-35	Private	Other UK	Economics	Scottish
Michael	41-45	State	Other UK	Accountancy	Other UK
Molly	26-30	State	Scotland	Economics	Scottish
Nick	36-40	State	Other UK	Economics	Other UK
Ollie	26-30	State	London	Geography	Oxbridge
Patrick	46-50	Private	Scotland	PPE	Oxbridge
Peter	31-35	State	Other UK	Economics	Scottish
Rebecca	21-25	Private	London	English	Other UK
Richard	46-50	Private	Scotland	Economics	Other UK
Rob	46-50	Private	Scotland	Economics	Other UK
Ronnie	41-45	State	Other UK	Physics	Other UK
Russell	41-45	Private	Other UK	Business	Other UK
Sam	26-30	Private	Other England	Law	Oxbridge
Sarah	26-30	State	Scotland	Maths & Physics	Other UK
Seb	26-30	Private	International	PPE	Oxbridge
Stuart	51-55	State	Home Counties	Economics	Scottish
Steven	51-55	Private	Scotland	Accountancy	Scottish
Tim	26-30	Private	Scotland	Economics	Other UK
William	31-35	Private	Scotland	Economics	Scottish

## **CHAPTER THREE – PAPER TWO**

### **Making history work: Rhetorical history and the survival of the Edinburgh fund management cluster**

#### **Abstract**

This paper examines how the cluster of fund management firms based in the city of Edinburgh draws on established cultural traditions to create a “meta-identity” which has protected them from negative associations with the failed Scottish banks.

Framing the concept of rhetorical history as a continuous discourse between the present and the past, it draws on contemporary and historical data sources to show how present-day actors in the field view the past through a jointly-created cultural lens. By doing so they infuse the people, places, practices and institutions of the past with a meaning which validates their contemporary equivalents. The main contribution of the paper is a better understanding of how these processes operate within an established business cluster.

#### **Keywords**

rhetorical history, identity creation, collective identity, regional cluster, imagined tradition, fund management

## 1. Introduction

“The banks have ruined it for us all!” complained Hamish. His anger stemmed from his fears that the 2008 collapse of the Bank of Scotland and the Royal Bank of Scotland, two Edinburgh-based financial institutions with over six hundred years of combined history, had blown a hole in the reputation of the city’s other financial service firms (for accounts see Tooze, 2018; Perman, 2019). Yet despite Hamish’s fears, the fund management cluster based in the city of Edinburgh has continued to prosper: in 2017 firms headquartered in the city accounted for 23% of the total assets managed by the British investment industry (The Investment Association, 2017). With over \$800bn under management, Edinburgh remains a substantial centre for global investment management.

This paper contends that an important factor behind the survival and success of the Edinburgh fund managers is their ability to collectively mobilize and draw on a shared past, both real and imagined. A growing body of scholarship has explored this phenomenon through the concept of rhetorical history; defined as “the strategic use of the past as a persuasive strategy to manage key stakeholders of the firm” (Suddaby et al., 2010, p. 157), rhetorical history is an interpretivist and constructivist approach (Clark & Rowlinson, 2004; Rowlinson & Hassard, 2013) in which history is the “mediated and “re-represent-ed” view of what once occurred” (Foster et al., 2016, p. 2). In contrast to earlier realist approaches to the history of organizations (Foster et al., 2011), the rhetorical history approach describes how historical narratives are created in order to serve the interests of present-day actors, thereby emphasizing the plasticity of interpretations of the past (Mordhorst & Schwarzkopf, 2017).

Prior studies invoking the concept of “invented traditions” (Hobsbawm & Ranger, 1983) have explored the relationship between mythologized or idealized interpretations of the past and present-day identity (see Mordhorst & Schwarzkopf, 2017, and Foster et al., 2017, for reviews). Where the majority of studies have looked at a single organization, this paper follows the example of Lamertz et al. (2016) in extending the unit of analysis to an established business cluster, integrating mythologized, cultural and symbolic elements into the study of a cluster’s identity. Methodologically the paper uses a case study approach, firstly identifying core identity claims within the self-presentation of firms active within the cluster and the accounts of other actors, and then relating these claims to cultural traditions inherited from the past.

An initial contribution of the paper is to suggest that firms and other interested parties collaborate in the creation of a collective “meta-identity”, thereby extending Suddaby et al.’s (2010) definition beyond its relatively narrow focus on firm-level dynamics and managerial agency. The main contribution, however, is to address a longstanding question in the existing rhetorical history literature (Foster et al., 2011), namely *how* rhetorical history processes work in practice: by what means is the past interpreted and mobilized? Responding to this question Lamertz et al. (2016) showed how collective identities could emerge from remnants of the past through a process of institutional bricolage. This paper extends their argument, suggesting that present-day actors view the past through a cultural lens which allows them to mobilize historic people, places, practices and institutions in order to ground their present-day equivalents and create a desired identity. It describes the processes by which this lens is constructed and maintained and the three elements of which it is currently

composed, namely the cultural inheritances of Presbyterianism, the Scottish Enlightenment and Scotland's mercantile past.

The paper is organized as follows. The first section reviews the development of the concept of rhetorical history and its application in studies of organizational identity, with a focus on studies of invented traditions and business clusters. A description of the research context and methods is followed by the discussion of the paper's findings, based around a model of "meta-identity" construction. The final section sets out some suggestions for further work.

## **2. Uses of the past: theoretical antecedents**

The growing body of rhetorical history research forms part of a broader "uses of the past" literature which integrates history into organization studies, examining how organizational actors construct and deploy history as a means of achieving their objectives in the present day (Wadhwani et al., 2018). As the reviews by Foster et al. (2017), Mordhorst and Schwarzkopf (2017) and Wadhwani et al. (2018) make clear, this body of work is based on an interpretivist understanding that "the past" and "history" are two very different entities: "We refer to the past as all events that occur chronologically before the present, independent of our knowledge of a particular event. We define history, by contrast, as the mobilization of the past in the present. History, therefore, can be thought of as the various ways of *making the past present*" (Wadhwani et al., 2018, p. 1666, italics in original). Managers developing historical narratives must choose between realist or constructivist approaches to their organization's past (Foster et al., 2017); adopting the latter position opens up the

past as a rich “source of social symbolic resources available for a wide variety of creative uses” (Wadhwani et al., 2018, p. 1664).

This characterization of the past as something malleable (Foster et al., 2011) and manipulable has acknowledged intellectual roots in the work of White (Rowlinson et al., 2014; Mordhorst & Schwarzkopf, 2017), Ricoeur (Taylor et al., 2009) and Hobsbawm (Kroeze & Keulen, 2013; Wadhwani et al., 2018). Both White (1973, 1980) and Ricoeur (1991, 2004) emphasized the power of narrative in creating meaning and constructing identity; Mordhorst and Schwarzkopf (2017) place White at the centre of a “narrative turn” in which “there are no fundamental differences between history and fiction – both constitute and employ forms of narratives” (p. 1160). They also recognize the contribution of Jenkins, who followed White in seeing history as a discursive process characterized by fluidity, uncertainty and epistemological fragility – “we see through an interpreter who stands between past events and our readings of them” (Jenkins, 1991, p. 12) – but also added an ideological dimension.

Of particular importance to this study is the contribution of Hobsbawm and his concept of invented traditions (Hobsbawm & Ranger, 1983). Maclean et al. (2016) recognize the importance of this concept in underlining “the interpretive dimension of history, revealed as a combination of subjective and objective reality through which the past may be persuasively reinterpreted” (Maclean et al., 2016, p. 619).

Hobsbawm proposed three sets of reasons why traditions have been invented in the period since the Industrial Revolution: firstly to establish or symbolize social cohesion; secondly to establish or legitimize institutions or relations of authority; and thirdly to socialize or inculcate beliefs and value systems. Underpinning all of these,

as Wadhwani et al. (2018) emphasize, is the ability of invented traditions to shape group identities.

### *2.1 Rhetorical history: definition and purposes*

The concept of rhetorical history transposes the ideas of White, Ricoeur and Hobsbawm to an organizational context. Initially defined as “the strategic use of the past as a persuasive strategy to manage key stakeholders of the firm” (Suddaby et al., 2010, p. 157), a subsequent reframing by Suddaby et al. (2016) emphasized the role played by rhetorical history in building a connection between speaker and audience. This reframing underlines the strong relationship between history and identity described by Zundel et al. (2016): “[h]istory and identity may be particularly strongly linked given the centrality of narrative and storytelling to identity formation” (Zundel et al., 2016, p. 212). A narrative-driven identity is co-created and fluid: “identity-construction [is] a continuous process of narration where both the narrator and the audience formulate, edit, applaud, and refuse various elements of the ever-produced narrative” (Czarniawska-Joerges, 1994, p. 198).

In their review papers Foster et al. (2017) and Wadhwani et al. (2018) recognize the important role played by rhetorical history in the creation and management of identity and identification. Identification is here defined as the “perceived oneness with or belongingness to an organisation” (Bhattacharya et al., 1995), a concept which has been explored in a large body of organizational research (see for example Dutton & Dukerich, 1991; Dutton et al., 1994; Golden-Biddle & Rao, 1997; Bhattacharya & Sen, 2003). Importantly, as Foster et al. (2017, p. 1182) emphasize, identification “does not equal persuasion”: where persuasion operates in a single direction,

identification is a process of “co-construction”. Identification is a fluid process which fluctuates with the changing state of each party (Kreiner et al., 2006); hence Glynn (2008) rejects Albert and Whetten (1985)’s essentialist claims of temporal continuity in favour of a view of an image of organizational identity built through an “institutional bricolage, where organisations incorporate cultural meaning, values, sentiments and rules into their identity claims” (Glynn, 2008, p. 424).

As discussed earlier, the ingredients of these identity narratives can be objective or subjective, factual or symbolic. The greater the symbolic content of such an identity, the closer we are to the concept of image discussed by Gioia et al. (2014). Building on the work of Bernstein (1984), Gioia and his colleagues argued that “[i]dentity and image are more intertwined than previously conceived, to the point that it can be hard to distinguish where one leaves off and the other begins” (Gioia et al., 2014, pp.151-152). Furthermore, they argue that not only can image transform the identity of people and organizations (substance here becoming image), but also (more radically) that the image itself can become substantive. Ontologically this recalls Hobsbawm’s concept of invented tradition – in both cases the symbolic becomes “real”.

## *2.2 Rhetorical history: studies in identity*

This section discusses previous studies which have used rhetorical history as their core concept, with an emphasis firstly on those studies which have focused on invented traditions and symbolic resources as part of an identity construction process (e.g. Foster & Hyatt, 2008; Foster et al., 2011; Kroeze & Keulen, 2013; Poor et al., 2016) and secondly on those which have explored business clusters (e.g. Beverland,



2005; Voronov et al., 2013; Oertel & Thommes, 2018). The latter stream of research is smaller than and distinct from the dominant narrative in corporate history, that focusing on company founders (Rowlinson & Hassard, 2013) and framed by Boje (2008) as “retrospective sensemaking”.

Foster and Hyatt (2008) show how the Edmonton Oilers ice hockey team appropriated Canadian national symbols, institutions (the army) and traditions (grassroots ice hockey) in order to create common bonds of allegiance among their fans. In a similar way, Foster et al. (2011) describe how the Canadian fast-food chain Tim Hortons “borrowed legitimacy from two Canadian institutions – hockey and the military” (p. 110). Here invented tradition is framed as the creation of “social memory assets” which can be assembled from a wide range of sources, not just a company’s own past. Both these cases involve a strong nationalistic element: invoking idealized notions of “Canadian-ness” embodied in key institutions helps to foster identification among certain customer groups, though as Foster et al. (2011) concede, this may have also limited the opportunities for Tim Hortons outside Canada. Two further studies of North American companies (Holt, 2006; Poor et al., 2016) shift the focus from institutions to myths. Holt’s study of Jack Daniel’s bourbon and Poor et al.’s discussion of Colt revolvers both describe how these products invoked the “frontier myth” which for Holt is an integral part of America’s self-image and ideology. For Poor and his colleagues the frontier myth is an expression of a broader myth, that of American exceptionalism (Walt, 2011); this exceptionalism derives from “the Puritan tradition of glorifying a metaphorical small colonist city on a hill as a beacon of exceptional qualities that make America great” (Poor et al., 2016, p. 149).

Where the studies mentioned so far each focused on a single organization, Kroeze and Keulen (2013) looked at invented traditions in the context of four Dutch multinational companies, finding that the managers of these businesses used historical narratives for a variety of reasons, including strengthening the identity of the organization. A number of studies (Beverland, 2005; Voronov et al., 2013; Lamertz et al., 2016; Oertel & Thommes, 2018) have also applied the concept of rhetorical history to geographically concentrated business clusters. Beverland (2005) shows how luxury wine makers referred to place and history in order to build an image of authenticity. Voronov et al. (2013) describe how a group of Ontario-based wine-makers achieved legitimacy for their product by demonstrating conformity with global practices and by disavowing past practices subsequently deemed to be inappropriate (this disavowal speaks to the concept of “intentional forgetting” which sits at the heart of Rowlinson and Hassard, 1993, and Anteby and Molnár, 2012). Oertel and Thommes (2018) studied the cluster of watchmakers based in the town of Glasshütte in Saxony; arguing against the claim by Albert and Whetten (1985) that organizational identity causes distinctiveness between similar companies they instead found that different companies in the cluster sought to “disguise and whitewash the differences between organizations and their relevant peers with respect to their identity” (p.1710). Finally, Lamertz et al. (2016) looked at the relationship between the recent revival of craft brewing in Ontario and the history of beer production in the province. They argued that that history generated a large volume of identity elements; contemporary craft brewers were then able to deploy selected “remnants of the past” to invoke historic ideas of brewing as community activity and as craft, and then mobilize these remnants as integral aspects of their

contemporary collective identity. Their case showed how the “remnants of ancestral collective identities [were] re-infused with value within a new institutional configuration, providing a source of identity for the re-emergence of craft-beer brewing in Ontario” (p. 816).

These studies make a valuable contribution to the literature in demonstrating how rhetorical history processes can be performed at a collective level. In doing so they address some of the lacunae in Porter’s (1998) essentialist description of the means by which a cluster of organizations can achieve competitive advantage through preferential access to resources such as staff, specialized information, and government funding. However, they all share – in contrast to Kroeze and Keulen (2013) – a focus on identity claims which are rooted in objective truth as opposed to the symbolic claims associated with Hobsbawm’s invented traditions. The empirical focus of this paper is very different: a business cluster where actors draw on a range of cultural, mythologized and symbolic elements to create a collective “meta-identity”; where existing research focuses exclusively on managerial agency, this paper also explores the role played by other interested parties. Theoretically, the paper addresses a long-standing question first raised by Foster et al. (2011), which has remained largely unanswered within the body of existing research, namely how rhetorical history processes work in practice: by what means is the past appropriated, interpreted and mobilized? Lamertz et al. (2016) proposed one answer using the concepts of ancestral remnants and institutional bricolage; this research explores the ways in which those associated with the Edinburgh fund management field infuse the people, places, practices and institutions of the past with a meaning upon which they can then draw to support their (largely symbolic) identity claims.

### 3. Research context

The context for this research is the fund management cluster based in the city of Edinburgh, UK, a context which is suitable for studying the role of rhetorical history in constructing a symbolic meta-identity for three main reasons. Firstly, the cluster enjoys both a long history going back almost 200 years (Fransman, 2008; Perman, 2019) and considerable scale, accounting for 23% of the assets managed by UK-owned businesses (The Investment Association, 2017). Secondly, the nature of the service provided by fund managers – the construction of portfolios of investment assets on behalf of institutional and individual clients – is highly symbolic in nature. In contrast to the consumer goods manufacturers or retailers upon which prior studies have been based, the product supplied by fund managers is highly abstract – what one research participant described as the “hope of future returns”. Seen from this perspective, this is a sector which operates at a highly symbolic level and in which, as Eshraghi and Taffler (2015) argue, storytelling is a crucial element of sensemaking, justification and legitimation activities. Finally, Edinburgh is the capital city of Scotland, a nation with a long tradition of identity construction. McCrone (1992) argues that Scotland is a “stateless” nation which exists as a “landscape of the mind, a place of the imagination. As such, notions of the essential Scotland are what people want it to be” (p.17). He speaks of Scotland’s “forged” character; for him this embodies an important sociological point, that “myth-history is a vital part of the story-telling of any country” (p.20). The links to the studies on invented traditions and rhetorical history in organizations are clear.

#### 4. Data collection and analysis

The primary data source was the Internet communications of the Edinburgh fund management firms, both through their own websites and through other media (e.g. LinkedIn, recruitment sites); these communications provide “a window into the ways that organizations present themselves to their audiences” (Powell et al., 2016, p. 109), and, as Oertel and Thommes (2018) argue, enable organizations to reach a larger audience than other, non-digital forms of media. Furthermore, as Esrock and Leichty (2000) describe, such communications contain an intrinsic polyvocality: different sections of firms’ websites target different audience groups, in this case for regulatory reasons. Table 1 summarizes the materials which were collected.

[INSERT TABLE 1 HERE]

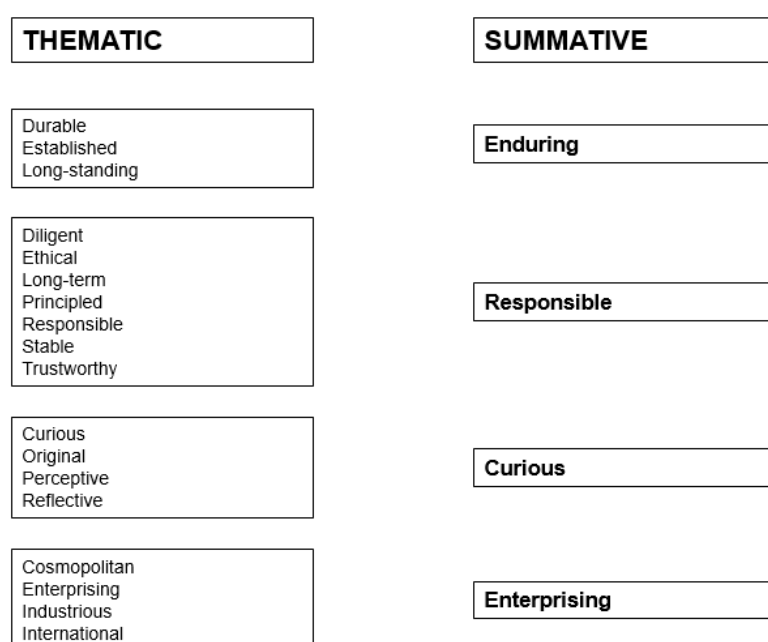
In total, material was collected from twelve institutions: nine fund management firms based in Edinburgh and three investment trusts<sup>3</sup> managed in the city for over 100 years. The choice of material focused on the identity claims contained within firms’ self-presentation; this included marketing and recruitment materials (mainly online), client communications (online and printed), histories (online and printed) and annual reports published by both firms and investment trusts. These were supplemented by interviews published in print media and by firm histories (online and printed). In total, around 600 pages of online and printed material were collected between 2018 and 2020; these were supplemented by a total of 40 interviews conducted over the same period with individuals active in the cluster.

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<sup>3</sup> Investment trusts are companies listed on the UK Stock Exchange, the sole operating activity of which is investment in other assets. In North America they are known as “closed-end mutual funds”.

The data analysis was conducted in two stages. As a first stage the primary material collected was coded inductively (Eisenhardt, 1989; Gioia et al., 2013); where identity claims were made (for example in descriptions of the firm or their investment process) these were summarized thematically. A first round of thematic coding was followed by a summative second coding; this process is summarized in Figure 1 below.

*Figure 1: Data analysis*



During the coding process the codes were tested against individuals' accounts of the field on an iterative basis; this provided a valuable test of both levels of coding.

A central theme which emerged from this analysis was the emphasis placed by firms on the past; this is reflected in their repeated claims around longevity and durability. The second stage of the analysis was accordingly to find historical roots for the other identity claims firms were making; this approach echoes the idea of ancestral

remnants found in Lamertz et al. (2016). Following Poor et al. (2016), the approach adopted was the genealogical method (Vucetic, 2011; Novicevic et al., 2015). The genealogical exploration in this case drew on three different data sources: primary sector-specific texts; secondary sector-specific texts; and general histories of Scotland. There were very few primary texts, a greater number of secondary sector-specific texts (most notably authorized and commissioned histories of firms and investment trusts such as those by Weir, 1973, Burns, 2008, and Newlands, 2014), and a very large number of general histories of Scotland; the most valuable for this study were those by Devine (1999, 2003), Mitchison (1970) and Mackie (1978). This genealogical analysis identified significant correspondences between the different identity claims made by contemporary firms and past cultural traditions; these correspondences form the basis of the following discussion.

## **5. Discussion**

This section explores the cultural correspondences identified through the analysis of firms' present-day identity claims and of their historical analogues; this discussion is then developed into a model of how rhetorical history practices operate within the Edinburgh fund management field.

### *5.1 Cultural correspondences*

The thematic analysis of the firms' self-presentation texts identified four central identity claims: durability, responsibility, curiosity and enterprise. The first of these invokes a clear orientation to the past, situating firms' contemporary activities in a long historical lineage in such a way as to make that past present (Wadhwani et al., 2018). As was the case with the Glasshütte watchmakers studied by Oertel and

Thommes (2018), in this field firms' individual and collective pasts play an important role in the identities which they craft. So too, however, do three distinctive cultural inheritances, passed down in fragmentary form and invoked by each of the other three identity claims.

The first of these, captured in firms' "responsibility" claims, is the Presbyterian tradition embedded into the Scottish identity not only through the legal recognition of the Church of Scotland as the national church (Mackenzie, 2017) but also through the central role the Church played in the Scottish education system (Devine, 1999). Beyond that, as one of the few Scottish institutions which survived the Treaty of Union in 1707, the Church offered a rare vehicle for the expression of a national identity (Brown, 1987). It is important to emphasize, however, that the enduring cultural legacy of Presbyterianism is neither its intolerance and fanaticism (Devine, 1999) nor the strict observance and accountability which influenced business practices (McKinstry & Ding 2013, 2017; McKinlay & Mutch, 2015) but rather what Weber (2001) described as the "innerworldly asceticism of Puritanism". This asceticism found expression in a number of qualities. Mackie (1978, p. 289) describes the "truth and honesty inculcated by the discipline of the Kirk" while Marr (1992, p. 43) invokes the "plainness and hard-working ethic of the Scottish business community". As with the American frontier myth, such claims can be shot through with exceptionalism or particularism; see for example Devine's (2003, p. 188) dismissal of hagiographies which constructed the "self-myth of the Scot as hardworking, able, thrifty, sober and reliable".

The second cultural inheritance, invoked through the claim of "curiosity", is that of the Scottish Enlightenment, the intellectual movement which flourished in Edinburgh and



Glasgow from the 1730s onwards and found expression in ground-breaking work across a wide range of disciplines: philosophy (Hume, Millar), economics (Smith), geology (Hutton), history (Robertson), sociology (Ferguson) and medical education (Cullen, Hunter) (Devine, 1999). The breadth of new thinking generated by the scholars of this period is too wide to be easily appropriated into a single cultural archetype. Devine (1999, pp. 65-66) proposes two over-arching themes: a spirit of “intellectual inquiry” and a fundamental belief in the importance of reason which found voice not just in the work of scholars but also (powerfully) in the order and symmetry of the architecture of Edinburgh’s New Town, the first stage of which, built between 1767 and 1820, subsequently housed the majority of the firms analyzed in this study (Perman, 2019).

The third cultural tradition, encapsulated in firms’ “enterprising” claims, is that of the Scot as a global adventurer. Mackenzie (2017) relates the idea of the globalized Scot to the missionary work instituted in the early nineteenth century by the Church of Scotland. In a mercantile context Devine (2003) explains how the country’s geographical positioning at the north-west corner of Europe and its political union with England left it well placed to benefit from trading opportunities with the American Colonies. Such opportunities were enthusiastically grasped: by 1758 Scottish tobacco imports from Virginia and Maryland exceeded the total of those arriving at all the English ports. Devine also describes how by the end of the eighteenth century sugar had become the largest good imported into Glasgow; this placed Scotland at the heart of the trade in slaves between Africa and the British Caribbean, a subject which, as Devine describes, has hitherto been largely and shamefully neglected in school curricula.

In each of these three cases, the cultural legacy dates back centuries, but remains relevant as a source of symbolic narrative in the present day. As Mordhorst and Schwarzkopf (2017) describe, a common aim of all narratives is the reduction of complexity, and we can see this at work in the examples above: the failure to engage critically with the role played by Scottish entrepreneurs in the slave trade removes a moral complexity which would otherwise darken the legacy of those entrepreneurs; the intellectual richness of the Scottish Enlightenment is simplified to the strapline “Curious About The World” on tote bags sponsored at the 2018 Edinburgh Book Festival by Baillie Gifford, a leading firm within the cluster; and the theological legacy of Calvin and Knox is distilled down into documents such as Stewart Investors’ Hippocratic Oath for investors (Stewart Investors, 2019) and Baillie Gifford’s “Our Shared Beliefs” (Baillie Gifford, 2017). The latter set of beliefs include dedication, honour, professionalism, integrity and a consistency framed in religious terms: “No one likes a hypocrite, and if we want respect we will need to earn it” (p. 12).

## *5.2 Mobilizing the past: a model of rhetorical history processes*

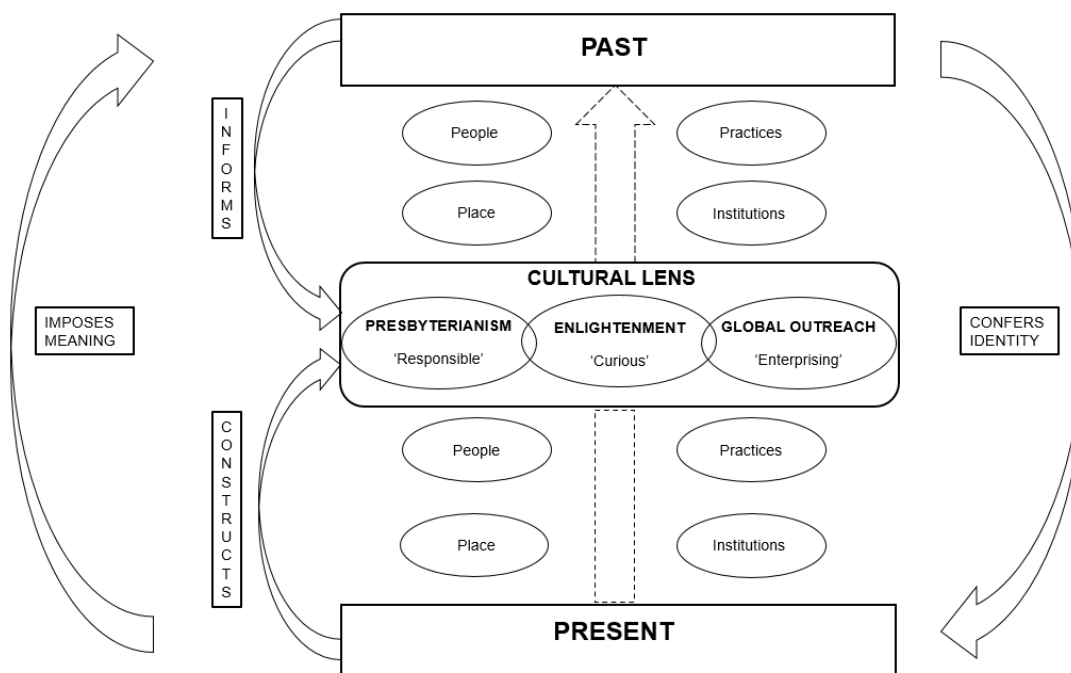
A recurring theme among interview participants was the idea that these cultural legacies exist “in the air” or as part of a “collective DNA”. This was exemplified by the account of Hannah, an account which situates the field’s contemporary activities in a historical lineage (“a very traditionally Scottish approach”) but also recognizes the extent to which the value of this lineage operates at a symbolic level (“we leverage the benefit of the concept of being Scottish”):

“So is there something unique about Edinburgh? I would say the thing that’s unique about Edinburgh is a long-term, fundamental, bottom-up, global equity.

Run in a particular style, in a particular way over the longer term. With a very traditionally Scottish approach where we, whether you like it or not, we leverage the benefit of the concept of being Scottish.”

What is missing from this and other accounts, however, is a recognition of the extent to which these symbolic legacies are actively managed, curated and mobilized. The model below, derived from the thematic and genealogical analyses described above, conceptualizes these processes, emphasizing, as the subsequent discussion makes clear, the central role played by human agency.

*Figure 2: Processes of Meta-Identity Construction*



The central idea in this diagram is that of a continuous dialogue between the present and the past: the present imposes meaning on a past which in turn confers a desired identity on the present. This circular dialogue is mediated through a cultural lens which is itself the product of a discourse between the past and the present, being

informed by the past but constructed in the present; this cultural lens is fluid in nature – it will change with the concerns and values of those who construct it. Viewing the people, places, practices and institutions of the past through this lens allows present-day actors to impose a meaning on them which (following White, 1973) may equally be “real” or “fictitious”; establishing the correspondences between these past people, places, practices and institutions and their modern equivalents then confers a strategically advantageous identity. An implication here is that the symbolic power of these correspondences is strengthened through their attachment to (or transubstantiation in) real people, whether or not these people actually exhibited those behaviours or values in reality.

### *5.3 Rhetorical history processes in action: a case study*

The operation of these processes can be illustrated with reference to the four historical “totems” described in the model: people, places, practices and institutions. With regard to the first of these, the founders of the industry were relatively few in number – Newlands (1997) identifies three key figures: William Menzies, James Ivory and Carlyle Gifford – and came from conventional professional backgrounds (Menzies and Gifford both qualified as lawyers, Ivory as an accountant). The most interesting detail from their collective biographies is the time Gifford spent in North America in the early stages of World War Two (for an account, see Burns, 2008). That his role there was to oversee the repatriation of investments in order to fund the British war effort adds to an overall image of steadfast integrity.

Each of these men exists, therefore, as a blank canvas upon which a desired meaning can be strategically imposed; in this respect the lack of biographical detail is

advantageous. Mediating them through the cultural lens, they become exemplars of probity, curiosity and enterprise; whether this is an accurate representation of their characters or motivations ceases to matter. The same can broadly be said of the institutions they helped to set up. The development of the investment trust sector in Edinburgh is discussed by, among others, Weir (1973), Newlands (1997) and Morecroft (2017). The dominant cultural narratives here are those of enterprise and vision: by investing in the bonds issued by the North American railroad operators in order to fund their nationwide expansion, Scottish American (the trust founded by Menzies) was not only able to secure enhanced returns for its investors but also to make a substantial contribution to the modernization of the North American continent. It is important to note the extent to which this narrative excludes others; the decision to invest in the North American railroads may have been solely motivated by a quest for superior returns. To emphasize the latter narrative, however, would be counter-productive as it would dilute the “world-making” or “visionary” narrative which underpins firms’ contemporary identity claims.

The latter case hence exemplifies the infusion of a historical institution with a very specific additional meaning. The same phenomenon can be seen in the mythologization of place, specifically Charlotte Square, the traditional heart of the Edinburgh investment community (Newlands, 1997). Angus (1991) exemplifies this; writing for a professional audience in the UK and further afield he characterizes Charlotte Square as a “world financial centre in its own right” populated by internationalist “citizens of the world” (p.83). This is the first of a series of bold (and self-mythologizing) claims: the fund managers of Charlotte Square benefit from their “detachment from the frenetic gossip and bustle of the City”, they grow up in “the best

forcing-ground [...] for keen young investment talent”, and apply an “unusually high degree of intellectual rigour and discipline [...] to investment” (p.83). At a literal, realist level these claims bear little scrutiny, serving rather as an exemplar of the hagiographic exceptionalism to which Devine (2003) took exception; even so they still have a constitutive symbolic power – the benefits of geographic distance from the City of London in permitting “clearer” thinking were a notable claim within the testimonies of the research participants.

The final totem is that of historic practices; the example here is the practice of long-term investing. The collapse of the two largest Scottish banks in 2008-2009 was highly problematic for the reputation of the Edinburgh fund managers – in an interview Hamish rued how the banks had “ruined it for us all”. As part of its response to the financial crisis, in 2011 the UK Government commissioned Professor John Kay (by coincidence a native of Edinburgh) to lead a review into UK equity markets. This review (Kay, 2012) criticized investors’ short-term orientation, encouraging them both to own shares for longer periods and to engage more actively with the management of investee companies; we can argue that it also encouraged fund managers to revive the investing practices of their Victorian forefathers and infuse them with a purpose and meaning which served to re-legitimize their contemporary practices. This can be seen in a redoubling of the rhetoric around environmental, social and governance (ESG) investing, a rhetoric which combines paternalistic social attitudes with a more modern sustainability discourse.

The most striking example of this is the “Actual Investing” campaign launched by Baillie Gifford towards the end of 2018. The campaign document starts with an explicit invocation of past practices: “Equity investing, the process of funnelling

capital towards projects in the search for profitable returns, has been a root cause of societal progress and individual wealth creation since the 19th century” (Dunbar, 2018, p. 3). It then deplores the ways in which the industry has drifted away from these (idealized) origins before delivering a rousing call to arms: “The task in hand is to remind our clients what investing actually means. Actual managers need to demonstrate that we act on behalf of clients to identify and back fundamental investment ideas, not just try to outsmart other investors. [...] By doing this we can refocus the discussion on the central and important role we play in the progress of society, and perhaps start to restore the investment industry’s social licence” (p.17).

The “Actual Investing” campaign can hence be seen to exemplify how the “meta” rhetorical history process works. The past is viewed through a carefully constructed cultural lens in such a way as to identify and mobilize key touchstones. (That these are not firm-specific – Baillie Gifford was not formed until 1907 – is irrelevant.) These are then invoked as precursors to contemporary practices for the express purpose of legitimation.

## **6. Findings and conclusions**

This paper has explored the means by which actors in the present-day Edinburgh fund management cluster construct a cultural lens through which to view and, ultimately, mobilize people, places, practices and institutions from their collective (real and imagined) past. By doing so they co-create a meta-identity which underpins firm-specific processes of rhetorical identity construction; echoing Foster et al. (2017), these processes inform organizational cultures and confer legitimacy and authenticity. Importantly, in this case the paper argues that a redoubled invocation of

past activities, in particular long-term investing, has protected the cluster from negative reputational contagion arising from the collapse of the large Scottish banks in 2008 (Tooze, 2018).

By framing the activity within the field as the co-creation of a mutually beneficial meta-identity, the first contribution of the paper is to stretch the frequently-used definition proposed by Suddaby et al. (2010) – that rhetorical history is “the strategic use of the past as a persuasive strategy to manage key stakeholders of the firm” beyond a narrow focus on the firm. The use of the word “manage” can also be challenged; it suggests an instrumentality which may only capture part of what is going on, and implies an agency resting only within a small managerial cadre. In this case we have seen other actors engaged in this work, and for a variety of reasons; the histories penned by former practitioners (for example Burns, 2008, and Morecroft, 2017) have a very different purpose and motivation than the marketing materials produced by fund management firms. Reflecting this, the paper proposes an alternative definition which defines rhetorical history as the “strategic use of the institutions and practices of the past to validate their contemporary equivalents”. As the paper describes, this can happen at a field/cluster level as well as within an individual firm.

Addressing a question which has not hitherto been addressed within the rhetorical history literature, the second contribution of the paper is its discussion of *how* the processes of rhetorical history operate within this field. Thematic analysis of contemporary identity claims and of their historical correspondences built the idea of a discourse between past and present, a discourse which is actively curated, and, as Czarniawska-Joerges (1994) suggests, continuously enacted. This idea sits at the



heart of the process model proposed in the paper; long-standing cultural remnants are incorporated into a cultural lens through which the people, places, practices and institutions of the past are viewed; doing so imposes a desired meaning on them which in turn informs a desired meta-identity. A third contribution of the paper is the idea that the symbolic power of the rhetorical history process is strengthened through the ascription of desired attributes to real people and institutions; consistent with the ideas of White and Hobsbawm, this attribution need not be based on historical accuracy but can instead present partly or wholly imagined characterizations of the past.

The paper has suggested that these processes of rhetorical history have played a valuable role in insulating the Edinburgh fund managers from the fall-out of the 2008 financial crisis. One suggestion for further research would be, following the example of Smith and Simeone (2017), a longitudinal study of this or a different field which could explore how the intensity of rhetorical history activity varied over time, and whether any relationships could be observed between any intensification and increasing controversies. Such a study could also explore how the constituent elements of the cultural lens have shifted over time and what the implications might be for the competitive positioning of the cluster. Finally, this paper proposed that individual firms will choose where to position themselves with reference to the jointly constructed meta-identity. This is an important strategic choice which merits further study, both in terms of firms' positioning inside or outside the meta-identity, and (if inside) the extent to which they emphasize single elements of that identity or aim for a balance between them.

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*Table 1: Sources of firm materials*

	<i>Marketing Materials</i>	<i>Client Reports</i>	<i>Media Interviews</i>	<i>Recruitment Materials</i>	<i>Histories</i>	<i>Annual Reports</i>
<b>Fund Managers</b>						
Aberdeen Standard	X		X		X	X
Aberforth Partners	X					
Baillie Gifford	X	X	X	X	X	X
Edinburgh Partners	X		X			X
Kames Capital	X					
Kennox	X					
Martin Currie	X	X	X	X		
Stewart Investors	X	X		X		
Walter Scott & Partners	X	X	X			
<b>Investment Trusts</b>						
Scottish American Investment Trust	X				X	X
Scottish Investment Trust	X				X	X
Scottish Mortgage Investment Trust	X				X	X

## **CHAPTER FOUR – PAPER THREE**

### **Technocrats or social warriors? Firm and CEO discursive practices in the field of ESG investing**

#### **Abstract**

This paper examines the discursive practices of fund management firms and their CEOs around the topic of ESG (environmental, social and governance) investing. Drawing on Pierre Bourdieu's economic sociology, it explores first the different positions adopted by firms in the ESG field, and then the positions adopted by CEOs with regard to their own firm and as part of a broader CEO field. The key contribution of the paper is its discussion of how the discursive practices of firms and their CEOs address the tension between fund managers' traditional duty to maximize financial returns and emerging expectations of broader societal benefits. Beyond that, the chapter offers valuable and new insights into the power dynamics within the elite CEO field.

**Keywords:** Bourdieu, elites, responsible investing, ESG, sustainability

## 1. Introduction

Fund management, writes Keith Skeoch, CEO of Standard Life Aberdeen, one of the UK's largest investment management groups, has a central and crucial role to play in creating a better world: "We have an opportunity to help rebuild trust and faith in capitalism – the economic mechanism that has delivered rising prosperity for most of the last 400 years. However, the notion of financial return above all else has come into question [...] Therefore we need to accelerate the shift to a more responsible and inclusive capitalism where the benefits are clear to all – not just the few" (Skeoch, 2020). For Skeoch, environmental, social and governance (ESG) approaches to investing offer a means to deliver the reform capitalism needs: "It's probably fair to say that 2019 belonged to ESG. You couldn't move without finding an investment house boasting about its ESG capabilities or the extent to which it had integrated ESG into its investment processes. And, to be fair, this is understandable. For the last 25 years I have believed that ESG factors are major drivers of long-term investment returns but most of all, ESG is about getting it right for the next generation". Writing in the *Financial Times* in 2018, Anne Richards, a leading industry executive and the current CEO of Fidelity International, expressed a similar view, arguing that the fund management industry needed to "move past a preoccupation with purely financial metrics for success and demonstrate how we can invest appropriately to meet the wider expectations society places on us" (Richards, 2018). Both Skeoch and Richards are here invoking a radical redefinition of the role of fund management. For them it is no longer enough for firms to maximize financial returns; rather, they should recognize and respect a broader set of societal

obligations. This raises important questions about the role within society of the fund management industry, questions which this paper examines.

Prior scholarship has identified an intrinsic tension between the fund management industry's financial and societal responsibilities (King & Gish, 2015; Cho et al., 2015; Yan et al., 2019); the empirical focus of this paper is the discursive claims made by fund management firms and their CEOs, asking how they position themselves with regard to their responsibilities in these two areas, and, if there is a tension, how they resolve it in their discourse. The relationship between the claims made by the firms and those made by their CEOs is also examined, with particular attention paid to areas of material divergence.

Empirically the major contribution of the paper is its exploration of the discursive practices of fund management firms and of their CEOs. Theoretically it draws on the economic sociology of Pierre Bourdieu (Bourdieu, 2005) to make a number of contributions. Framing ESG investing as a Bourdieusian field, it uses the field concept to explore the different capital claims made by fund management firms, looking both at what is included and what is omitted from firms' accounts. This discussion qualifies the theme of tension invoked by prior research on ESG investing. The second stage of the analysis explores the positions adopted by the CEOs of these firms, both with reference to the firms which they lead and to a wider "field of CEOs". By using CEOs' discursive practices to interrogate the power dynamics within this broadly-defined CEO field, this discussion makes a substantial contribution to the Bourdieu-influenced literature on corporate elites, a body of work hitherto dominated

by accounts of career trajectories but neglectful of the dynamics within the CEO field (though Kerr & Robinson, 2011, is a notable exception to this trend).

The paper starts by situating this research in three bodies of prior literature: economic sociology, corporate elites and ESG investing. It goes on to describe the qualitative and interpretive methodology through which the research was conducted before setting out its empirical findings, first at the level of the field of firms' ESG investing activities, and then in terms of the field of CEOs. Finally it discusses its theoretical conclusions, ending with some suggestions for further research.

## **2. Literature review: economic sociology, elites and ESG investing**

This section explores the three bodies of research which provide the theoretical and empirical framing for the paper. Firstly it explores Pierre Bourdieu's economic sociology, drawing in detail on *The Social Structures of the Economy* (Bourdieu, 2005), his most explicit engagement with organization theory and economic sociology (Emirbayer & Johnson, 2008). Secondly it reviews the literature on business elites, with particular reference to studies using Bourdieu's core concepts of field, capital and habitus. Thirdly it briefly reviews the small body of work looking at the discourse and practices of environmental, social and governance (ESG) investing before finally setting out the theoretical and empirical framing for the paper and the main research questions which it will address.

### *2.1 Firms as fields and Bourdieu's economic sociology*

Frankel, Ossandón and Pallesen (2019) follow McFall and Ossandón (2014) in identifying two main strands within the economic sociology literature: the "New Economic Sociology" which evolved in the United States through the work of

Granovetter (1985, 1995) and Fligstein (1996, 2001), and what McFall (2009) termed the “new, new economic sociology” which emerged in Europe, spearheaded by Callon (1998, 1998a), and explored issues of performativity – “how markets construct societies” (Fourcade, 2007, p. 1024) – and the conceptualization of markets as “collective calculative devices” (Callon & Muniesa, 2005) through which actors can “evaluat[e] the properties of the goods to be exchanged” (Giamporcaro & Gond, 2016, p. 467).

This paper concentrates on the first of these two schools, the “New Economic Sociology”. Fligstein’s critique of prior studies in the domain of economic sociology centred around the failure of those studies to address a series of theoretical questions around the dynamics of market creation and persistence, and the social rules by which markets function and individuals act within those markets (Fligstein, 2001). His response was the foregrounding of the concept of the field, a social space which “contain[s] collective actors who try to produce a system of domination in that space. To do so requires the production of a local culture that defines local social relations between actors” (Fligstein, 2001, p. 15). This broad definition of a field feeds into a more specific definition of a market as “a social arena where sellers and buyers meet. But for sellers and buyers to exist, a product has to exist and someone has to produce it” (Fligstein, 2001, p. 31). This market-field requires both buyers and sellers; the sellers’ survival is threatened if the buyers fail to “show up”.

As Fligstein himself acknowledges, his deployment of the field concept owes a substantial debt to the work of Pierre Bourdieu; the same can be said of Granovetter’s idea that economic agents are “‘embedded’ in ongoing networks of personal relationships” (Swedberg & Granovetter, 2001, p. 11). The field is the



“critical metaphor in Bourdieu’s work” (DiMaggio, 1979, p. 1462), a stratified and hierarchized social battleground on which plays out a continuous struggle for dominance (Bourdieu, 1977; Bourdieu & Wacquant, 1992). The field has opposing poles, with the actors dispersed in a wide range of different positions. Dominance in any field comes from possession of the capital valued in that field at that time: “The social field can be described as a multi-dimensional space of positions such that every actual position can be defined in terms of a multi-dimensional system of co-ordinates whose values correspond to the values of the different pertinent variables. Thus, agents are distributed within it, in the first dimension, according to the overall volume of the capital they possess and, in the second dimension, according to the composition of their capital – i.e., according to the relative weight of the different kinds of assets within their total assets” (Bourdieu, 1985, p. 724). Bourdieu termed the capital which is accorded value within any given field “symbolic capital”; this symbolic capital is used by agents to impose the legitimate vision of the social world (Bourdieu, 1987) and is accordingly “intimately linked to power” (Bourdieu, 1985, p. 729). The third element of his “theoretical triad” (Emirbayer & Johnson, 2008) is habitus, the internalized dispositions (Maclean et al., 2010) which, structured and structuring, enable agents to successfully navigate a given field.

Bourdieu’s study of the different elements making up the market for single-family homes in France, *The Social Structures of the Economy* (Bourdieu, 2005), describes the different means by which supply and demand in this market/field are socially constructed, for example through the cultural capital and habitus of the civil servants implementing reforms to mortgage lending policies or the effects of advertising in moulding the tastes and expectations of first-time buyers (Bourdieu, 1984, offers an

extended discussion of the means by which taste is created and reproduced). The book is framed as a clear challenge to neoclassical economics, an approach which Bourdieu variously decries for its intellectualism, ethnocentrism, ahistoricity, abstraction, and (perhaps most importantly) neglect of power relations; this critique is summarized in Bourdieu's dismissal of the characterization of *homo oeconomicus* as an "anthropological monster" which allows the scholar of economics to "place into the heads of the agents he is studying [...] the theoretical considerations and constructions he has had to deploy in order to account for their practices" (Bourdieu, 2005, p. 209). Instead Bourdieu argues that "it is the structure of the field, that is to say, the structure of relations of force (or power relations) among firms that determines the conditions in which agents come to decide (or negotiate) purchase prices (of materials, labour, etc.) and selling prices" (Bourdieu, 2005, pp. 196-7). Through the interplay of structured power relations and (restricted) "free play", "[i]t is not prices that determine everything, but everything that determines prices" (p. 197).

One of the strengths of Bourdieu's critical sociology is its integration through the concept of field of both macro and micro perspectives (Zald & Lounsbury, 2010). Similarly, his economic sociology can be applied at different levels to explore the power hierarchies within the firm-as-field and within the market-as-field in which that firm operates, and the relationships of that firm and that market to the field of power, the social space which, operating at a supra-organizational level, provides the dominant agents from a variety of different fields with a meeting-place (Maclean et al. 2010) but which also serves as a "macro-level arena of struggle" (Swartz, 2008, p. 50), the stakes in which are particularly high: "the dominant principle of domination" and "the legitimate principle of legitimation" (Bourdieu, 1996, p. 265). This field of

power is organized around a chiasmatic structure which values economic capital over cultural capital (Bourdieu, 1996); there is hence a circular flow between the field of power and the economic field, where economic capital is similarly valued extremely highly.

At a macro level, the firm is embedded in the broader economic field and will reflect the struggles at play within that field (Ellersgaard et al., 2012). In order to achieve a dominant position the firm must accumulate the specific forms of capital associated with success; Bourdieu (2005) describes how these “strategic market assets” derive from a range of different forms of capital: financial, cultural, technological, juridical and organizational, commercial, social, and symbolic, where the latter “resides in the mastery of symbolic resources based on knowledge and recognition, such as ‘goodwill investment’, ‘brand loyalty’, etc.” (p. 195). Symbolic capital is hence “the special authority that particular companies are able to exert over the market” (Emirbayer & Johnson, 2008, p. 12).

At the micro level, within the firm-as-field Bourdieu (2005) describes how the firm enjoys “relative autonomy in respect of the constraints associated with the firm’s position within the field of firms” (p. 205); within these constraints the strategies adopted by the firm will reflect the outcomes of struggles among the firm’s executives who seek to “identify [...] the interests of the firm with *their interests within the firm*” (p. 207, italics in original). The executives who succeed will be those who are best able to devise strategies which match the capital of the firm with their own interests in such a way as to fit with the demands of the broader economic field; doing so will allow both the firm and the individual executive to achieve dominance. Over time they can then reconfigure the field in order to protect and preserve that dominance.

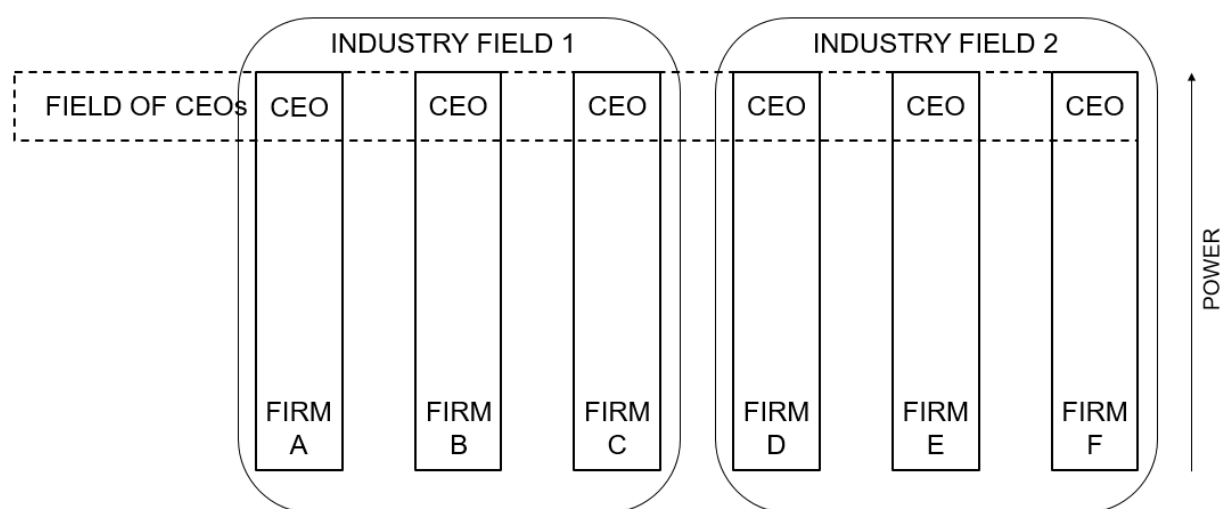
## *2.2 Organizational elites*

Salverda and Abbink (2013) define an elite as “a relatively small group within the societal hierarchy that claims and/or is accorded power, prestige or command over others on the basis of a number of publicly recognized criteria, and aims to preserve and entrench its status thus acquired” (p. 1). The concept of power sits at the heart of this definition, as it does more unequivocally in Scott’s (2008) warning: “The word elite should be used only in relation to those groups that have a degree of power” (p. 28). Given the centrality of the concepts of power and dominance to Bourdieu’s critical sociology, it is not surprising that the use of his theory to study elite groups has been advocated by a number of scholars (Savage & Williams, 2008; Zald & Lounsbury, 2010; Salverda & Abbink, 2013); indeed, in his review paper Khan (2012) suggests that the current revival of scholarly interest in elites derives from a combination of the great income divergence that began in the 1970s and the popularity of Bourdieu’s theories.

It is not surprising, then, that despite Savage and Williams’ (2008) claim that Bourdieu was more interested in cultural elites than in CEOs, we have seen a number of organizational scholars (e.g. Maclean et al., 2010, 2014, 2015, 2017; Robinson & Kerr, 2009; Davis, 2010; Kerr & Robinson, 2011, 2012; Ellersgaard et al., 2012; Carter & Spence, 2014) use Bourdieusian theory to study corporate elites. Despite this growing body of work, however, which also includes the (non-Bourdieuian) studies by Scott (1982, 1991, 1996, 2001, 2008) and Reed (2012), it remains the case that insufficient attention has been paid to the “giant firm corporate elite” (Savage & Williams, 2008, p. 19).

There is a clear conceptual overlap between the organizational elite as defined above by Salvera and Abbink (2013) and Bourdieu's field of power described in section 2.1. As Zald and Lounsbury (2010), Maclean et al. (2010) and Reed (2012) emphasize, the social organization of fields can accordingly be seen to operate in both a vertical and a horizontal dimension. This is illustrated in Figure 1 below, where Firms A, B and C are in a different industry field from Firms D, E and F:

*Figure 1: The social organization of fields*



Within this structure, the vertical dimension reflects the power structure within the field of a firm, based primarily on hierarchical relations. As Maclean et al. (2010) describe, the horizontal, inter-organizational dimension reflects a different form of relationship; it is “the social space where different types of agent mingle freely” (p. 330) in arrangements which can be formal (e.g. through membership of industry boards) or informal in nature (Camp, 2003). It is important to stress, however, that membership of these horizontal groups, whether formal or informal, does not necessarily equate to joining the field of power.

Most Bourdieusian studies of organizational elites follow a similar template, exploring the means by which individuals enter the most rarefied heights of the corporate field. Davis and Williams (2017) cite the work by Mairi Maclean and colleagues as exemplars of this field of study: “They ask what forms of capital are necessary for ‘ordinary’ French business elites to become ‘hyper-agents’ and enter into the ‘elite of the elite’ networks, which constitute the contemporary ‘field of power’” (Davis & Williams, 2017, p. 16). For Maclean et al. (2010) there is an essential difference between “ascension” (the means by which agents rise to board-level positions in large organizations) and “accession” to the field of power, a further elevation into the power elite. The recurring question at the heart of these studies (Maclean et al., 2010, 2014, 2015, 2017) is how a minority of actors is able to make this final step; in their chosen research context (the French corporate elite), they find that social class continues to play an important role.

Kerr and Robinson (2011) pursue a different research question; their study of the field of elite Scottish banking leaders in the run up to the collapse of the banks in 2008 pays some attention to the social trajectory by which those individuals ascended to their leadership positions, but is more interested in the dynamics within the evolving field of banking leaders, asking in particular why they engaged in the apparently “irrational” behaviours which resulted in the destruction of their institutions. Their analytical focus is hence the horizontal field of leaders, looking at the “relationship between leaders and leaders and the consequent need for leaders to be recognised as legitimate within the field of power” (p. 153). Identifying the common goal of this generation of bankers to become “number one” in the transnational field of bank leaders, they conclude (in a clear evocation of Bourdieu’s

economic sociology) that “[t]his elite field is not a competitive market in which competition drives down prices, it’s a social field in which symbolic capital is used to capture economic capital – the ‘talent’ is ‘rewarded’ – capturing an increasing percentage of the firm’s profits. Leaders are therefore in competition with other leaders for legitimacy within the field. This also helps us better to understand the ‘irrational behaviour’ of elite leaders as one factor contributing to the financial/economic crisis of 2007-2009” (Kerr & Robinson, 2011, p. 164). The interplay between symbolic and economic capital highlighted here is a theme to which the paper will return.

### *2.3 Socially responsible and ESG investing*

The final section of this review explores the existing academic literature on ESG (environmental, social and governance) investing, with a particular emphasis on work discussing its integration into “mainstream” investing activities. In contrast to the “voluminous, disparate, [and] eclectic” (Parker, 2005, p. 844) literature on companies’ social and environmental reporting (SER) (see the reviews by Gray, 2002; Parker, 2005; Spence et al., 2010; Cho et al., 2015), the body of work on the discourse and practices associated with investors’ ESG activities is much smaller. This discussion focuses on two bodies of work: the first framing as “marketization” the incorporation of social activism into the fund management industry, and the second exploring some of the practical issues associated with the incorporation of ESG factors into investment decision-making.

First some clarification of terminology is required: there is considerable definitional confusion in this area among both academics and practitioners (Berry and Junkus,

2013). Where some studies equate ESG investing with socially responsible investing (SRI) (Johnsen, 2003; Eccles & Viviers, 2011), this paper emphasizes an important difference between the two, framing SRI as a specialist branch of investment and ESG investing as a more generalized activity. SRI is here defined as “an investment philosophy that combines ethical or environmental goals with financial ones” (Sparkes, 1994, p. 4). As Sparkes (2006) describes, this approach originated as the ethical investment activities of religious organizations; the first specialist ethical mutual funds were launched in the UK in the mid-1980s. In ESG investing the emphasis is different; here, as van Duuren et al. (2016) describe, consideration of environmental, social and governance factors is integrated into firms’ traditional financially-driven analysis and decision-making processes. Put differently, if SRI can be seen to prioritize social considerations over financial ones, ESG combines the two.

A critique of the effects of this incorporation of ESG factors into traditional financial decision making underpins one of the branches of research in this area. Highlighting the tension which arises between “activist ideals” (King & Gish, 2015) and investing for financial return, a tension which underpins the question posed by Cho et al. (2015) in an SER context as to whether organizations operating within and constrained by the capitalist system can realistically be expected to provide “substantial and transparent accounts of their social and environmental impacts” (Cho et al., 2015, p. 81), both King and Gish (2015) and Michelon et al. (2019) characterize the growth of responsible investing and of shareholder activism as the marketization of the ideas and practices of a social movement. King and Gish (2015) describe three distinct eras; in the first individuals used social shareholder activism



as a means of achieving “social justice ends”, in the second SRI firms “sought to blend social justice and profit”, and in the third “social and environmental issues become a means to financial profit ends” (p. 724). Each of these eras represents a different dominant logic and there are inevitable and frequent clashes between individuals identifying with each different logic; the overwhelming sense is that the underlying social goals are inevitably compromised and diluted in the process.

King and Gish also recognize the way in which the discourse around SRI frames the consideration of social and environmental criteria as a means of evaluating (and managing) risk; this theme is developed by Michelin et al. (2019). Examining the sharp increase in shareholder resolutions calling for increased CSR transparency, Michelin and her colleagues theorize that CSR information serves as a “compromise solution” both for investors looking to reconcile the tension between their twin motivations of social justice and economic gain, and for firms responding to the pressure for increased transparency. Importantly, their quantitative study found that the shareholder activism activities under review produced only modest changes in corporate structures and practices – suggesting that the value of these activities is, at least in part, symbolic rather than instrumental.

A second body of research looks at the practices of ESG integration within investment firms. Here again the emphasis is on an intrinsic tension between what Yan et al. (2019) describe as a dominant financial logic based on individualism and profit maximization and a more altruistic social logic. For Yan et al. SRI is a “hybrid practice”; their transnational study suggests a more complex relationship between the financial logic and the social logic than those prior studies (e.g. Jonsson, 2009; Jonsson & Regnér, 2009) which showed a high level of resistance to the idea of SRI

funds among investment professionals committed to the norms of maximizing investment returns. Like Yan et al., Arjaliès and Durand (2019) trace the longitudinal development of SRI funds, this time in France. Recognizing again the opposition between “finance” and “morals”, their study conceptualizes the processes by which fund managers agree to incorporate normative (i.e. moral) attributes in their products, framing product categories as judgment devices as well as classification devices.

Where Arjaliès and Durand were interested in the development of the SRI industry, the study by Arjaliès and Bansal (2018) focused on the attitudes and behaviours of individual fund managers investing in both bonds and equities, looking specifically at how they incorporated ESG criteria into their investment decisions. They found clear differences between the behaviour of bond and equity managers. The former tended to view ESG criteria as a constraint; equity managers, by contrast, had a different attitude, recognizing their value: “equity managers judged that ESG criteria had enriched their investment activities by making them more interesting and more elaborate” (p. 709). Consistent with the findings of King and Gish (2015) these benefits were framed in terms of risk reduction: “they were interested in the unseen risks that did not appear in the financial numbers” (p. 708). Importantly, this was achieved by maintaining a “dissonance” between financial and ESG analysis which was emphasized by the use of emojis to communicate ESG-based recommendations.

#### *2.4 Theoretical and empirical framing and research questions*

The bodies of literature reviewed above provide important theoretical and empirical context to this paper. Section 2.1 explored Bourdieu’s economic sociology, showing

the value in applying his core theoretical concepts (field, capital, habitus) to economic fields – both in terms of the firm-as-field and of the firm in relation to the market in which it operates and the broader field of power. These fields are interlinked and interdependent; Bourdieu (1996) describes the twin poles of the field of power, with economic capital dominating cultural capital and this same opposition runs through those fields occupying a subordinate position in social space. The other important element of Bourdieu's theory for this paper was his emphasis of the value of symbolic capital deriving from intangible sources; as Maclean et al. (2010) note, Bourdieu regarded such symbolic systems as important sources of domination. Bourdieu (2005) frames symbolic capital in terms of goodwill and brand loyalty but we may also consider reputation and trust as valuable potential sources.

The idea of the linkages between fields was further developed in the discussion of elites in section 2.2, which explored the vertical and horizontal dimensions in which elite agents operate. This section discussed how the majority of Bourdieusian studies of organizational elites focus on the social trajectories of agents within vertical fields, exploring how agents reach positions of dominance. Much less attention has been paid to the dynamics within the horizontal field, with the notable exception of Kerr and Robinson (2011) which explored the competitive dynamics within the international field of bank leaders, a field which had become increasingly dislocated from the banking field and instead was defined primarily by the struggle between individual leaders competing within this discrete "CEO field".

Finally, section 2.3 explored the small body of literature on ESG investing. A recurring theme within this work is the intrinsic tension between two goals which seem to contradict each other, the financial and the societal; we can think of these

two goals as the opposing poles within the field of ESG investing. Arjaliès and Bansal (2018) asked how individual fund managers manage this tension; this paper explores the same tension at the levels of the firm and their CEOs.

The paper consequently addresses three questions which have not been covered by prior research:

RQ1: What discursive claims do fund management firms make in the presentation of their ESG investing activities?

RQ2: What are the discursive practices of fund management CEOs as regards ESG investing?

RQ3: How might we understand the power dynamics at work within and between these two sets of discursive practices?

The empirical focus of the research is accordingly on the rhetorical claims made by both firms and CEOs, where rhetoric is understood both as a means of persuasion (Suddaby & Greenwood, 2005) and (in Bourdieu's terms) as a means of acquiring symbolic capital which translates into dominance.

### **3. Methodology**

Methodologically this study follows the example of Kerr and Robinson (2011) in adopting the research approach advocated by Leander (2008). Leander describes how Bourdieu's "thinking tools" help to focus the researcher's attention on the centrality of practices which create "meanings, entities, power relations" (Leander, 2008, p. 18); in these practices "one can observe the relations of (symbolic) power and violence". In order to observe these practices – and, by extension the power

relations underpinning them – Leander describes how the researcher can draw on a wide variety of evidential materials (e.g. “statistical data, biographical information, photographs, art, literature, classical texts, diplomatic archives, public speeches, newspaper clippings, and interviews”, Leander, 2008, p. 22); crucially, the research methods must remain connected to the research questions, and the evidence collected must be subjected to a rigorous analysis.

As the research questions above set out, the interest of this paper is the discursive practices of fund management firms and their CEOs. In order to explore these practices, evidential material was collected from digital sources which are readily accessible and therefore constitute an attempt to communicate beyond the narrow bounds of what Bourdieu (1993) would frame as a field of restricted cultural production. At the firm level, the unit of analysis was fund management firms’ ESG policy documents; these bore a range of titles such as *Governance and Sustainability*, *Responsible Investment Policy*, *Stewardship Policy*, *ESG Policy Framework*, etc. As manifestations of firms’ discursive practices to both external and internal constituencies, these documents are a valuable source of analytical material. The universe of companies studied was the members of the Investment Association, the UK industry trade body; this comprises a wide range of institutions operating in a number of different market segments, incorporating institutional fund managers, wealth managers, hedge fund managers, exchange traded funds (ETFs), pension funds and investor services providers. While many of the institutions are UK-based, the list includes firms headquartered in (among other countries) the United States, Germany, France, Switzerland, Japan and South Africa; this is accordingly a transnational field extending far beyond the UK’s narrow geographic boundaries.

An initial list of 212 full members was identified from the Investment Association's website (this number excluded cases where the same firm had memberships for different internal entities). The main research interest of this paper is the self-representation of long-only institutional fund managers (i.e. firms managing pension fund mandates); applying this filter, the long list of 212 firms was shortened to a list of 111 firms. An internet search was performed for the ESG policy document of each of these 111 firms; if no separate policy document was available, where possible reference was made to the relevant pages in the firm's most recent ESG report. In total, the reports of 111 institutional fund managers were analyzed, consisting of approximately 1,065 pages of text.

An important element of the research questions is the homologies or potential inconsistencies between the discursive practices of firms and those of their CEOs. Reflecting this, the process of collecting evidential material for the "talk" of these CEOs followed the same process: the name of the CEO of each of the 111 firms was identified and internet searches were conducted on the search terms "ESG", "social responsibility" and "CEO letter" (the latter is one of the recognized means by which CEOs communicate with their stakeholders). Consistent with Leander's characterization, the searches produced a range of different digital materials: formal letters, interviews, profile pieces, speeches (in video and transcribed formats), and CEO "roundtable" videos, the latter providing valuable insights into the discursive interactions between fund management CEOs. These materials were obtained from a variety of different sources including firms' own websites, individuals' social media posts (e.g. on LinkedIn or Twitter), the mainstream press (e.g. interviews or comment pieces in the *Financial Times* or Bloomberg), and specialized trade publications such

as *Investment Week*, *Citywire* and *Funds Europe*. These (primarily) textual documents were supplemented with insights from a total of 36 interviews with practitioners, all of whom had experience of working within the field, whether as investors or as ESG specialists.

The examination of these different discursive accounts involved several rounds of thematic analysis. The firm policy documents were read several times. The first round of reading informed an overview of the field of ESG investing which is summarized in the field diagram set out in section 4.1 below; this round of reading identified two opposing poles which correspond to the characterization of the field of power in Bourdieu (1996): one pole (financial capital) corresponds to Bourdieu's economic capital, and the other (societal capital) to Bourdieu's cultural capital. A second reading served to place each firm within that diagram based on their claimed capital (case studies are provided in section 4.2), and a third reading concentrated on those areas excluded or neglected from the firms' policy documents; these omissions are discussed in section 4.3. The second stage of the analysis applied the same process to the CEOs' discursive practices; their accounts were similarly analyzed in terms of their invocation of both financial and societal capital, with particular attention paid to those CEOs whose positions differed markedly from those of their firms.

#### **4. Findings**

The first set of empirical findings explores the field of ESG investing from the perspective of the fund management firms providing ESG services. Like all Bourdieusian fields this field is heterogeneously constructed, with firms seeking to situate themselves in a dominant position through the acquisition and display of

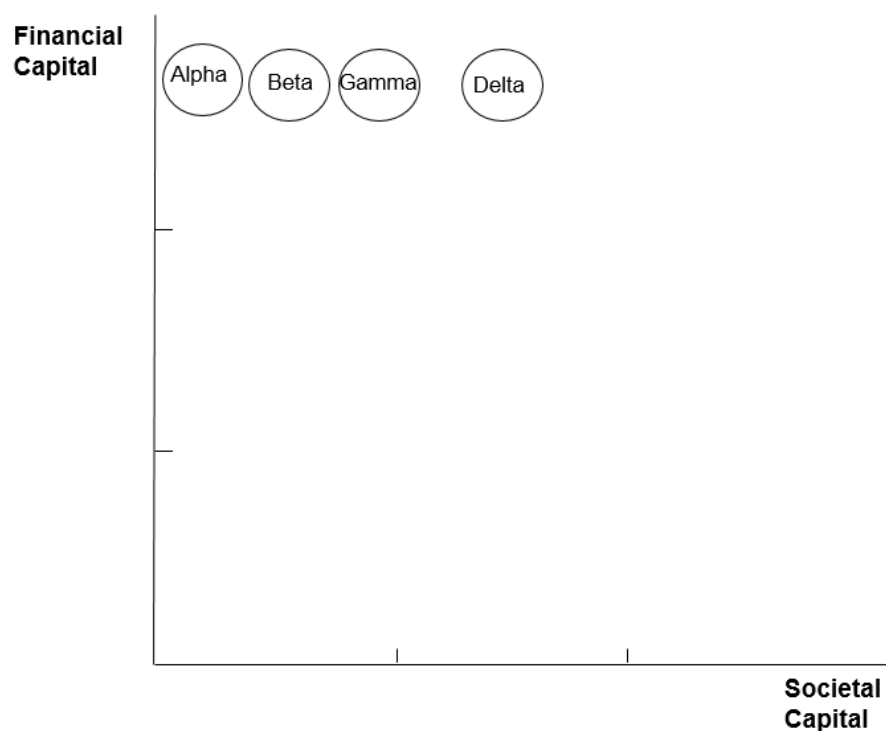
different forms of highly valued capital; the empirical focus in this case is on financial capital and symbolic societal capital. Section 4.1 offers a heuristic which summarizes four positions within the field, each characterized by a different combination of capitals. This analysis is expanded in section 4.2 through a case study approach, while section 4.3 considers some of the themes and concepts which are consistently omitted from firms' policies.

#### *4.1 The ESG field*

Figure 2 below offers an image of the shape of the ESG field, a field which is heterogeneously constructed, fluid, and dynamic with positions changing over time; in the diagram below a gradual shift to the right would be observed over the last twenty years as the volume of ESG talk has increased (King & Gish, 2015). For simplified illustration and by way of heuristic the chart shows four different positions (Alpha, Beta, Gamma and Delta) corresponding to different combinations of capital; each of these is discussed from section 4.2 onwards.



*Figure 2: The shape of the ESG field*



Financial Capital = Fiduciary Capital + Compliance Capital + Risk Mitigation Capital

Societal Capital = ESG Expertise Capital + Activist Capital + Normative Capital

Financial capital (shown on the y-axis) is made up of three forms of capital: fiduciary, compliance and risk mitigation. Fiduciary capital refers to the traditional focus of fund managers: maximizing financial returns to their clients. Fidelity's stance is typical:

"Our primary objective is to deliver investment performance to our clients by seeking a long term understanding of all aspects of the companies in which we invest"

(Fidelity, 2019, p. 3). UBS underlines the link between ESG and financial returns:

"Our mission is to enable our clients to achieve their financial objectives and solve their investment challenges by integrating sustainability across our offering and investment solutions. It is our belief that ESG issues and opportunities can affect investment performance, and the consideration of these factors can deliver better

informed investment decisions” (UBS, 2019, p. 2). Compliance capital is related to the extent to which firms emphasize their adherence to the terms of two voluntary schemes in particular, the UK Stewardship Code and the United Nations Principles of Responsible Investment (UNPRI). Risk mitigation capital is generated by firms’ arguments that integrating the consideration of ESG factors in their investment decisions yields substantial benefits in terms of fund managers’ ability to predict and guard against potential risks; as such it is closely linked to fiduciary capital – “At BlackRock, we define ESG integration as the practice of incorporating material environmental, social and governance (ESG) information into investment decisions in order to enhance risk-adjusted returns. Some of our clients call this responsible investing – to us, integrating ESG information, or sustainability considerations, should be part of any robust investment process” (BlackRock, 2019, p.1).

The second combination of capital, here termed “societal capital” (shown on the x-axis) is similarly made up of three sub-forms of capital: ESG expertise, activist and normative. ESG expertise capital comes from firms’ emphasis on specialist in-house knowledge; activist capital is produced by the energy with which firms engage with investee firms in pursuit of a “better world”; and normative capital arises from firms’ willingness to engage on ethical or moral issues for their own sake rather than as a means of enhancing or protecting financial returns. Normative capital is relatively unusual in the context of the claims made by fund management firms; it is more common to find references to the importance of avoiding unethical firms – “Unethical or neglectful behaviour by a company in one of these areas can harm those who invest in a company’s shares as well as the environment or society in which a company is located” (RWC Partners, 2018, p. 1). Nonetheless, the analysis did yield

some examples of firms taking a clear and firm ethical position; these include Lombard Odier – “As an investor, we are convinced that it is our responsibility and duty to support the transition of our economies to more inclusive and sustainable models” (Lombard Odier, 2017, p. 2) – and McInroy & Wood – “The firm has always taken a holistic view of its responsibilities to clients and to wider society. In the long term the two are inseparably connected. For this reason ethical considerations govern all we try to do – externally and internally. Ethical conduct can have no boundaries” (McInroy & Wood, 2018, p. 2).

#### *4.2 Case study analysis*

The four positions shown in the field diagram above cover a wide spectrum from what might be simply considered “regular” investing with a UNPRI badge (Alpha) to a more purpose-driven approach which seeks to balance the twin goals of financial return and societal benefits (Delta), although this latter position still falls a long way short of what might be considered “full-blown” activist and ethical investing. This section explores the four heuristics in greater detail, using a combination of case studies to illustrate the key features of each type.

##### *4.2.1 Alpha firms*

The Alpha approach places an overwhelming emphasis on firms’ fiduciary capital; any consideration of ESG factors is secondary to this broader goal. The position of Alliance Bernstein (AB) is typical:

“AB is appointed by our clients as an investment manager with a fiduciary responsibility to help them achieve their investment objectives over the long term. Generally, our clients’ objective is to maximize the financial return of

their portfolios within appropriate risk parameters. AB has long recognized that environmental, social and governance (“ESG”) issues can impact the performance of investment portfolios. Accordingly, we have sought to integrate ESG factors into our investment process to the extent that the integration of such factors is consistent with our fiduciary duty to help our clients achieve their investment objectives and protect their economic interests” (Alliance Bernstein, 2019, p. 1).

What Alliance Bernstein terms “responsible” investment can accordingly be thought of as nothing more than “proper” investment; the capital claimed through their talk is that of the diligent and rigorous fiduciary investor. This is also clear in Barings’ positioning: “Above all, Barings’ goal is to deliver competitive risk-adjusted returns for our clients. We consider ESG-related issues an important part of this commitment, as these issues can impact an investment’s risks and returns over time [...] As we execute on our fiduciary responsibility to our clients, we will continue to consider ESG a critical component of our overall investment process” (Barings, 2019, p. 1).

The other important capital claim Alpha firms make derives from their compliance with industry initiatives, in particular their responsibilities as signatories to the UK Stewardship Code and the United Nations Principles of Responsible Investment (UNPRI). Though a number of the practitioners interviewed expressed considerable scepticism about the value of the UNPRI in particular – see for example Catherine’s complaint that “the UNPRI is in my eyes a little bit of a joke. Everybody signs up to it and it means nothing. You don’t have to change what you do” – Alpha firms invoke their compliance with the UNPRI principles for both symbolic and practical reasons. Barings epitomizes the symbolic value of compliance – “[a]s a signatory, we have

publicly committed to adopt and implement the six Principles where consistent with our fiduciary responsibility” – while leaving themselves, through the invocation of the primacy of fiduciary duty, substantial room for manoeuvre. PineBridge, meanwhile, emphasizes the practical benefits of membership; for them the PRI “provide a framework through which to report and assess ESG factors. We see the PRI as an additional tool to help us pursue our objective as an asset manager: improving and preserving the financial interests of our clients across our global investment platform by optimizing economic returns for a given level of risk” (PineBridge, 2018, p. 2). The focus here is an instrumental one: the PRI helps the firm meet its primary, fiduciary responsibility.

The policy documents of Alpha firms are typically very short (one or two pages). Accordingly, a lot is omitted. There is no interest in the broader implications of ESG issues and little, if any, expertise in this area is claimed. No reference is made to policies on engagement with investee firms. No value is placed on the judgment of ESG specialists, and the likelihood of inconsistency is acknowledged. This is particularly true of “multi-boutique” firms such as Polar Capital where investment teams work independently of each other within the same corporate structure. Polar Capital stresses the “autonomy” of each team in terms of their approach to investment and to the analysis and interpretation of ESG issues. The firm buys in third-party ESG research from MSCI but, strikingly, fund managers have the option to ignore or over-ride MSCI’s ratings on individual stocks (Polar Capital, 2019).

#### 4.2.2 *Beta firms*

Beta firms start from the same point as their Alpha peers: their dominant focus is again on financial returns. Hence Franklin Templeton frames as “responsible investment” the “integration of environmental, social and governance (ESG) factors into investment decisions with the objective of providing better risk-adjusted returns, particularly over the long-term” (Franklin Templeton Investments, 2018, p. 1). A major difference from Alpha firms, however, is the acknowledgement of a broader secondary purpose. As an example, J.P. Morgan Asset Management describes how the “explicit incorporation of material environmental, social and governance information” can deliver “enhanced risk-adjusted returns” while also aligning portfolios with “client values” (J.P. Morgan, 2019, p.2). Absent from these statements, however, is any expression of firms’ own values; the statements remain heavily circumscribed by economic considerations – “[e]ffective stewardship will therefore benefit companies, our clients and the economy as a whole” (Columbia Threadneedle, 2016).

Beta firms have a higher level of ESG expertise than their Alpha equivalents; they will usually have some form of in-house team and will undertake limited engagement with investee firms. They tend to use the language of “integration” – understood as “the consideration of financially material ESG issues in the course of investment analysis and decision-making with a view to gaining a more comprehensive understanding of risk and long-term opportunity” (BMO, 2019, p. 1) – but their societal capital claims are heavily circumscribed by their focus on fiduciary capital. Within Beta firms the power and influence of ESG specialists is therefore limited: their role is one of monitoring investments and overseeing voting activity rather than of raising the level

of attention paid by their firms to the impact of ESG issues over and above considerations of their material impact on share prices. Columbia Threadneedle addresses this issue explicitly, making it clear that while their approach encourages collaboration between fund managers and their dedicated Governance and Responsible Investment (GRI) team, the fund managers have an unambiguous lead responsibility for the assessment of investee companies' strategies, management and performance; the contribution of the GRI team is a secondary one. Beta firms accordingly make no claims as regards activist or normative capital.

J.P. Morgan Asset Management provides an additional insight which chimes with the views of interview participants working in Beta firms, namely a ranking of the relative importance placed on environmental, social and governance issues. Arguing that "ESG is three separate issues, not one", they describe how corporate governance issues are prioritized because they have the most direct bearing on the risk/reward profiles of portfolios. Environmental issues come next, with social issues bringing up the rear; the explanation given for this is that they are the most difficult to assess. An alternative interpretation is that offered up in interviews by Frank – "the S is the one that people are most delicate around because it's the one that causes them to look at the business they work for often. And where there's the whisper of hypocrisy. You know, I've had conversations with colleagues in the strategic part of the business I worked at which was along the lines of 'what happens if the mirror turns upon us, to look at ourselves?'" – and Daniel: "And then the S still remains massively overlooked. Because a) it's difficult to quantify, b) you can't get anyone to agree as to what to do, and c) the asset industry doesn't see how to make an immediate profit from it. Because it's things like worker benefits and social impact and, if you think

about the 17 Sustainable Development Goals – you know, better health and reduction of poverty. All those things, let's take poverty, global poverty, it's probably been exacerbated for the last fifty years by asset management, not improved". From this perspective the ESG acronym serves as a useful distraction device, implying that each of "E", "S" and "G" enjoy an equal billing when this is far from the actual case.

#### *4.2.3 Gamma firms*

In comparison to the first two sets of firms, the policy documents of Gamma firms offer a slightly broader set of claims in terms of the nature of firms' ESG activities, emphasizing the contribution of in-house ESG teams, describing a higher level of engagement with investee firms and setting out some of the ground rules for such engagements. As before, an emphasis on financial returns is uppermost – "[o]ur primary objective is to deliver investment performance to our clients by seeking a long term understanding of all aspects of the companies in which we invest" (Fidelity, 2019, p. 3) – but alongside this firms are starting to invoke a broader societal responsibility, albeit in very vague terms. Exemplifying this, Jupiter describes how "[s]tewardship is not simply a technical or policy area that is linked to the investor assessment and behaviours around material risks impacting normal value. We also consider stewardship as a positive cultural force that embodies the relationship between us as investors, our clients and investee companies" (Jupiter, 2019, p. 3). The first sentence here identifies the limitations of thinking of stewardship in the purely fiduciary terms described so far; however, the second sentence fails to provide a meaningful second purpose – the talk of a "positive cultural force" is frustratingly vague.



Baillie Gifford's policy document offers something similar. It opens with a recognition of the limitations of a financially-dominated approach – “[t]oo often in asset management active ownership, or ‘stewardship’, takes second place to stock selection, and governance and sustainability matters are an afterthought” (Baillie Gifford, 2019, p. 3). Their priorities are different:

“We think that there needs to be a much more open and honest conversation among all stakeholders about how the financial sector interacts with society, and about the rules and behaviours that underpin those interactions. The interconnected relationships between asset owners, investors and company managers are central to that conversation, and to the task of reconnecting savers with the users of their capital through good stewardship” (p. 3).

The two sentences quoted here appear to contradict each other: the broad conversation between the financial sector and society described as necessary in the first sentence has by the second shrunk into a conversation within the financial sector, between fund managers, their clients and the firms in which they invest (it is interesting to note how, as an investor, Baillie Gifford places itself at the heart of that conversation). Underlining the narrowness of their definition of stewardship, they go on to describe that they “focus on corporate governance not because of an interest in shareholder rights *per se*, but because [they] believe that governance really matters with respect to long-term investment performance” (Baillie Gifford, 2019, p. 4). In a similar way they define sustainability as “making profits in a way today that does not undermine the ability of the firm to generate profits in the future” (p. 6) with no reference to issues of, for example, climate change and environmental destruction. Despite the lip service paid to broader issues of governance and sustainability, the

dominant interest remains financial returns; all normative discourse is excluded. A further point is again the blurring of meaning through the use of terms such as “stewardship” and “sustainability” which have both broad and narrow meanings; Baillie Gifford is using them here in the narrowest possible sense.

Gamma firms’ claims of a broader, non-financial purpose are accordingly light and heavily circumscribed. A similar degree of circumscription applies to the specific policies firms lay out; a good example is firms’ governance policies, the most developed element of these documents. Talk of activism is almost entirely absent, epitomized by Fidelity’s general policy: “we aim to support the management of the companies in which we invest but our dialogue with companies is a robust one and we will form our own views on the strategy and governance of a business” (Fidelity, 2019, p. 4). There is here an explicit avoidance of accountability – “we will form our own views” – which is a theme running through many of these policies. Similarly Gamma firms avoid rules and norms; Baillie Gifford’s position is typical: “we are sceptical of the usefulness of overly prescriptive policies and checklists when analysing, engaging and voting on corporate governance issues” (Baillie Gifford, 2019, p. 6). On one hand, this stance represents a pragmatic response to the wide range of potential issues which might arise; on the other, it offers firms a substantial amount of “wiggle room” which similarly allows them to escape scrutiny and accountability.

The policies on executive remuneration offer a micro-level example of this. Rising levels of executive pay, both in absolute terms and relative to the average worker, are a continuing source of controversy, with many top managers now paid more for a single day’s work than the average worker in their organization earns over the course

of a year (Connolly et al., 2016). The policies of Gamma firms on executive remuneration for the most part avoid any problematization of this issue; the dominant logic is that it is right that managers should be paid the market rate for delivering maximum shareholder value. The most basic stance is exemplified by Janus Henderson: “executives should be fairly rewarded for the contribution they make to the maximisation of long-term shareholder value” (Janus Henderson, 2018, p. 5).

Other firms introduce more nuance:

“We encourage our investee companies to develop robust and transparent pay practices which provide clear alignment with long-term shareholders, reward outstanding performance and which mitigate against excessive risk taking or unintended consequences arising from a narrow focus on inappropriate targets” (Baillie Gifford, 2019, p. 17)

“We recognise that businesses operate in competitive environments and acknowledge the pressures on companies to offer pay and incentive packages capable of attracting, retaining and motivating talented executives. With that in mind, we cannot support payments that appear excessive and believe our stewardship approach to executive pay should include a rigorous analysis of how a strategy is executed and whether a company’s pay framework incentivises appropriate management behaviours and strikes a balance between short and long-term growth” (Jupiter, 2019, p. 9)

Both firms here emphasize the authority of the investee organization’s Remuneration Committee. This is typical; in the majority of these documents there is no discussion of, for example, an absolute cap on managers’ pay or the broader issues of pay

inequality encapsulated in high executive pay ratios. This underlines the minimal presence of any activist or normative capital within the discourse of Gamma firms. One notable exception should be mentioned: Kames Capital acknowledges that “[e]xecutive compensation remains a controversial subject. Concerns about the gap between executives and the general workforce; the complexity of remuneration packages; and links between pay and performance are common” (Kames Capital, 2019, p. 8). While acknowledging the controversy, however, they steer clear of taking an activist position on it: “We expect pay and awards to be set in a manner that aligns the interests of executives with the interests of the company’s shareholders and at levels that attract, retain and motivate, without being excessive” (p. 8). The failure to define what “excessive” means again allows the investor firm to escape scrutiny.

#### *4.2.4 Delta firms*

The main difference between Gamma and Delta firms is the latter’s promotion of what might be termed “dual purpose” investing. Different firms discuss their approaches in different ways: Aviva Investors (2018) describes the role it plays in channelling capital to create a “better world”; Stewart Investors (2019) emphasizes the need for the management of investee companies to demonstrate a sense of purpose or (to use their term) “dharma”<sup>4</sup>; and Hermes (2019) talks about the delivery

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<sup>4</sup> Dharma is an important concept in a number of Indian religions including, among others, Hinduism, Sikhism, Buddhism and Jainism. Each religion understands the concept in a different way: for Hindus dharma signifies behaviours which are consistent with the concept of Rta (the natural order); these include duties, rights, virtues and the “right way of living”. For Buddhists it denotes a cosmic law and order.

of “holistic returns”, looking at “outcomes beyond performance”. In this and other respects Hermes epitomizes this dual-purpose heuristic:

“We recognise that as fiduciaries, entrusted with the savings of millions of individuals, we have responsibilities which go beyond those defined in any contract – these are to our clients and their ultimate beneficiaries. We have these responsibilities because our decisions will have impacts on the world in which beneficiaries live and work today as well as the one in which they will retire into tomorrow. Our goal is to help people invest better, retire better and to create a better society for all.” (Hermes, 2019, p. 1).

In Bourdieu’s terms this talk of responsibilities over and above those enshrined in legal contracts can be seen as an invocation of and an appeal for symbolic societal capital over and above the fiduciary capital generated through the delivery of investment returns. In practical terms Hermes describes how their “holistic returns” comprise four elements: their investments in sustainable companies and assets generating valued goods and services at affordable prices; strong risk-adjusted financial returns; societal benefits derived from the promotion of employee and community benefits and rights; and environmental benefits accruing from more efficient use of the world’s physical resources. As holistic investors they engage in what they term “four mutually reinforcing strands of activity”: making ESG-aware investments; engaging as active, responsible owners; advocating in the interests of beneficiaries (e.g. through lobbying for regulatory change); and behaving as a responsible business. Symbolizing the latter emphasis on behaviour, since 2015 all employees have signed a Pledge of Responsibility (Hermes, 2019, p. 20) similar to

the Hippocratic Oath signed by doctors; staff at Stewart Investors make a similar (symbolic and performative) pledge.

Although these firms make substantial claims in terms of their societal capital, it is worth highlighting that there still remains a high degree of ethical circumscription: even the most engaged and responsible investors argue that the main reason for embedding a consideration of ESG issues in their investment process is to enhance returns. Similarly, there remains a lack of engagement on certain specific issues; firms describe how they pay more heed than before to environmental threats but by contrast the subject of income inequality, in particular a critical examination of fund managers' role in (in Daniel's words) exacerbating the issue, is entirely absent.

#### *4.3 Omissions and exclusions*

The earlier discussion has highlighted some of the areas which are consistently excluded from firms' policy documents. Overall there are very few examples of normative capital claims: even the most engaged firms (those in the Delta heuristic) stop short of making overt values-based statements. Reiterating the point made earlier, the topic of executive remuneration exemplifies this; firms' policy documents eschew clear statements of principle (including maximum absolute amounts or maximum multiples of average salary) in favour of much more equivocal discussions of the need to pay for excellence and the important role of the Remuneration Committee. There is no space here for critical challenge of the ways in which (per Garen, 1994) principal/agent theory and market mechanisms have been used to justify ever-rising compensation packages.

It is notable that remuneration is framed in these documents as a governance issue, not a social one. As was discussed earlier, social issues receive particularly short shrift in these documents. Discussions of workers' rights, for example, tend to include statements about the avoidance of modern slavery and training and development initiatives but nothing on the exploitation of workers through mechanisms such as zero-hours contracts and self-employment/contract worker arrangements. Any discussion of firms' tax avoidance policies is taboo, likewise their collection and use of individuals' personal data as sources of profit (Zuboff, 2019). A common aspect of all three of these issues, of course, is that they have a positive impact on companies' profits and cashflows – minimizing the money paid as wages or tax and maximizing the monetization of personal data are clear positives when seen from the perspective of profit and value maximization, and hence the accumulation of financial capital.

In addition to social issues, the other area which remains largely unexplored is investment firms' own policies and actions. Some of the Delta firms refer to their own emissions reduction initiatives but problematic issues such as remuneration within firms, firms' lack of diversity in every dimension and the economic cost of the services provided are not addressed. (One exception is the Scottish firm McInroy & Wood which describes how their salaries are "moderate by City standards".) Most strikingly, perhaps, no consideration is given to the environmental and social implications of fund management firms' prioritization of economic and corporate growth, a growth which, as Raworth (2017) describes, can only place further strain on physical resources which are already extremely stretched. So fundamental is the concept of growth to the practice of investing – as evidenced by its centrality to Gordon's growth model, a core piece of investing theory – that even the most

engaged investors make no reference to the obvious tension between their focus on growth and their commitment to addressing some of the world's environmental problems.

#### *4.4 CEOs and the ESG field*

Figure 2 above mapped the ESG field of fund management firms between two poles, the financial and the societal, based on the discursive content of their ESG policy documents. The next stage of the analysis performs a similar exercise with regard to the public proclamations of the CEOs of these firms; the analytical focus is firstly where these individuals situate themselves within the ESG field, and secondly the extent to which their ESG discourse is consistent with or diverges from the position of their firm (i.e. where they position themselves vis-à-vis the firm-as-field). The findings place the CEOs into four groupings: those who say nothing; those whose position is close to the position of their firm; those who diverge from their firm's position by expressing a more sceptical view vis-à-vis claims to societal capital; and those who diverge by placing a greater value on societal capital. Each of these groups will be discussed in turn.

The first grouping, those who, by making no mention of societal capital, make no claims in that regard, is relatively large; in just under half the firms for whom ESG policy documents had been assessed, the search identified no meaningful capital claims. This is itself a significant finding, the reasons for which will be covered in the Discussion section below.

As an example, the letter sent to shareholders by Mary Callahan Erdoes, the CEO of JP Morgan Asset & Wealth Management, to mark her ten years in charge of the



business (Erdoes, 2020) focused almost exclusively on financial performance, both in terms of the results of the business and the investment returns generated for clients. The only reference to ESG came in a discussion of the hiring of new staff and a move towards full ESG integration.

The second grouping is characterized by a close fit between the firm's positioning and that of their CEO. This is what might be expected given Bourdieu's explanation that successful agents within the firm should "identify [...] the interests of the firm with *their interests within the firm*" (Bourdieu, 2005, p. 207), and examples can be found across each of the four heuristics discussed in the previous section. Hence the CEO of Pinebridge, an Alpha firm making few claims of societal capital, writes that "[i]t has never been more important for members of the global investment community to integrate Environmental, Social, and Governance (ESG) practices into their everyday operations" but then offers an explanation which expresses the need for this integration solely in financial terms: "We believe that ESG issues can create both opportunities and risks for our clients, and that ESG factors provide essential insights into the value and risk profile of each investment. We rely on analysis that seeks to identify the ESG factors that deliver the most alpha<sup>5</sup> in our target investment universe as well as those that have adverse effects on the portfolio's investment universe" (Ehret, 2020). At the other end of the spectrum, Saker Nusseibeh, the CEO of Hermes who received a CBE<sup>6</sup> in 2019 for services to sustainable business and

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<sup>5</sup> Alpha denotes an excess financial return over the market return which is attributable to stock-specific factors.

<sup>6</sup> The CBE (Commander of the Order of the British Empire) is awarded by the British State for distinguished or innovative contributions made in any area of civic life.

finance, identifies himself closely with the Delta position occupied by his firm (Rana, 2019).

A common theme of the CEOs' accounts is the same emphasis we observed in Beta firms' accounts on risk mitigation and return enhancement; the comments by the CEOs of Putnam – “in addition to enhancing returns, stocks that qualify for their ESG attributes help to mitigate risk” (Napach, 2018) and T. Rowe Price (Stromberg, 2020) – exemplify this. The other recurring trope found among the CEOs of Alpha and Beta firms is an explicit rejection of normative capital; this is well captured by Michelle Scrimgeour, the CEO of Legal & General Investment Management: “But clients do not, in our experience, expect fund managers to take unsolicited ethical or moral positions on their behalf” (Scrimgeour, 2019). The overall picture here is one of conformity with the positioning of the majority of firms discussed in section 4.2: an unambiguous privileging of financial capital accompanied (to varying degrees) by a rejection of the different elements of societal capital, and in particular a rejection of normative capital.

The third grouping is those CEOs who are prepared to adopt a more sceptical position than that of their firm in terms of their societal capital claims. Not surprisingly, this grouping is small; where such comments arise, they tend to be in “off-the-cuff” situations such as speeches or round table discussions. An example would be the comments made by Mortimer “Tim” Buckley, the CEO of Vanguard, in a talk in 2017, where he described ESG as an area of interest to a small minority, framing it as a “fad”: “Our first experience with ESG was about 2000. It was a fad back then. It came and it went. People wanted a social index. It underperformed. Then they didn't want it” (DiStefano, 2017). From this perspective societal capital is not only secondary to

financial capital, but something which should be ignored given the risk that it might erode financial returns. Similar sentiments were expressed in a CEO round table by Frédéric Janbon, the CEO of BNP Paribas Asset Management; he argued that because there was no evidence to support the assertion that taking ESG factors into account enhanced investment returns, those factors should be ignored (Wealth Manager, 2018).

Where in each of these first three groupings the discourse is framed in neutral, technocratic terms, the discursive practice of the fourth grouping boasts a much greater tonal variety, using different registers and a variety of different rhetorical approaches. In each of these cases, the CEO is taking a position which places a greater emphasis on societal capital than is found in the ESG documents issued by their firms. A striking example is that of Seth Bernstein, the CEO of AllianceBernstein, a firm which, as was discussed in section 4.2.1, has adopted a “bare bones” stance vis-à-vis ESG where everything is viewed through the prism of financial returns. By contrast, Mr Bernstein’s comments represent a very clear invocation of symbolic societal capital. Like Bourdieu (2005) he frames symbolic capital in terms of trust – “[o]ur vision [...] is to be the most trusted investment firm in the world” (Bernstein, 2020). This trust derives from a recognition and an execution of their social responsibilities: “We recognize that being a responsible corporation and a responsible investor go hand in hand – you can’t be one without the other. Both are ongoing processes, not destinations, and are woven into the fabric of who we are. Simply put, we must continually address the social, economic and environmental challenges of our time.” The company’s ESG goals are clear – “to become a leader in this space, bringing much-needed rigor and integrity to a topic

where, to date, much has been promised and little has been delivered”; it is surprising how little of this ambition is reflected in the firm’s own policy document. Similar notions of trust and legitimacy are present in the comments of Asoka Wöhrmann, the CEO of DWS – “ESG is no longer just a ‘nice to have’ feature. It has become part of an asset manager’s license to operate” (Flood, 2019). More radically, Hubert Keller, the Managing Partner at Lombard Odier raises the sustainability and inequality challenges arising from the investment industry’s problematic obsession with growth. For Keller this is a question of “morality and ethics”: “Our growth model has heavily relied on ever more consumption, more resource extraction, more pollution, more waste, and ultimately more polarisation of societies between those who benefit from growth and those who don’t. In a world that supports nearly 8 billion people, and will soon have to support 10 billion, this model is leaving a disproportionate negative footprint on the environment and society” (Keller, 2019). Although Keller’s remarks are underscored by a financial pragmatism, they express a clear “world-making” vision which is echoed by Keith Skeoch in the comments quoted in the Introduction to this paper and by Peter Harrison, the CEO of Schroders: “Twenty years from now we will have a much bigger discussion about the impact you have in delivering returns, what is the impact on society and climate. In my mind, our industry has been given this really deliberate purpose, which is what you can do to solve wider problems while also investing” (Kirakosian, 2019). In talking of “purpose” and foregrounding the impact fund managers can have on “society and climate”, Harrison is making very different capital claims from the firm he heads, and doing so in a very different rhetorical register.

Two final examples move even further away from a neutral technocratic tone to a discourse which is much more personal and emotional in nature. Yves Perrier, the CEO of Amundi (Europe's largest fund management group) uses the impact of climate change on the melting glaciers in his native Arve Valley to ground his calls for a genuine societal engagement on the part of investors: "If investors do not integrate the interests of society in their investments, then who will? Product differentiation is decreasing and brand differentiation is increasing. Brand is also now defined by taking into account all society's interests" (Fitzpatrick, 2019). A piece published on LinkedIn by Euan Munro, the CEO of Aviva Investors, packs a powerful emotional punch, describing the deaths in early middle age of his father and two of his siblings from cancer caused by their playing as children on the carcinogenic "bings" (slag heaps) in the Scottish coal mining community in which they grew up. This is a narrative of personal loss attributed to failures of corporate oversight and responsibility: "Responsible investment did not exist when my father was growing up: there weren't many voices speaking out on environmental, social or governance issues. Even today, there are still too many cases of companies pursuing profit without thinking of the environmental and social damage their decisions have. The difference now is that large investors can – when they choose to – be a powerful voice in holding companies to account, demanding higher standards and making the world a better place" (Munro, 2019). Here responsible investing is no longer an instrumental means of achieving better investment returns but something which is "deeply embedded in our thinking, beliefs, processes and behaviours"; the "purpose" of which Peter Harrison spoke thereby takes on a deeper and richer form of symbolic capital.

#### *4.5 Conflict within the field of CEOs*

The previous section analyzed the discursive practices of fund management CEOs with reference to the vertical field (the firm) in which they hold the dominant position. As was described in section 2.2, these individuals also occupy positions within a lateral horizontal field which was characterized as the field of CEOs; this field comprises not only the organizational elite within the field of fund management but also the cohort of listed firm CEOs across a wide range of industries, a group over which the fund management CEOs are able to exercise influence through their interventions on behalf of the clients whose investments they manage. From this perspective, ESG investing becomes a tool of domination as well as a source of symbolic capital. This section explores both of these dimensions, looking at the positions adopted by the fund management CEOs vis-à-vis their peers in the investment industry and with respect to the wider network of corporate CEOs; in some cases, the CEOs' discursive practices in these horizontal fields can be seen to accumulate a substantial volume of symbolic capital.

Looking first at the field of fund management CEOs, it is important to remember that this field is broadly dispersed both geographically and in terms of the positions adopted. The findings described above showed that many fund management CEOs keep a public silence on ESG-related issues; those who adopt explicit and distinctive positions are very much in the minority. Where positions are taken, they tend to express a criticism of the ESG practices within the industry. Hence the critique by Euan Munro of Aviva, George Walker, CEO of Neuberger Berman, and Dan Mannix, CEO of RWC Partners, of the tendency they observe towards "greenwashing" and the misleading labelling of products (Munro, 2019; Walker & Bailey, 2019; Andrew,

2019): “However, one of the biggest dangers I see with responsible investing is that, in the clamour for authenticity (in many cases feigned), investors will find it hard to distinguish the asset managers with genuine credentials. Whether greenwashing, or call it what you will, there is a responsibility on investment providers to be clear and transparent about what we are doing and, more importantly, what we are not” (Munro, 2019). The critique here develops into a (self-interested) call for a greater transparency which will enhance the reputation, trustworthiness and legitimacy of all those active in the ESG field.

The other major group of criticisms challenges the effectiveness of the practices of other actors in the ESG field. Jean Raby, the CEO of Natixis Investment Managers, worries that “ESG has not become the means to an end but an end in itself” (Rust, 2019); insufficient effort has gone into “investment that actually enables positive steps towards the goals we are pursuing” and as a result he challenges his peers: “why are we not making as much a difference as we should given the current state of the world”. One reason for this ineffectiveness is the lack of meaningful standards for fund managers: “We need to go beyond the rhetoric and define clear standards to measure impact, to allow comparison and to monitor progress” (Raby, 2018). At the same time, corporate CEOs need to improve the transparency of their disclosure: “we need corporate transparency that is commensurate with the information needs of the financial system – public reporting on companies’ climate record, governance, strategy, risk management and other indicators.”

In a speech to the CFA Institute<sup>7</sup>, Anne Richards, the CEO of Fidelity International, framed her criticisms of her peers in existential terms. Capitalism in its present form, she warned, “might be working for everyone in this room, but is manifestly not working for everybody” (Sheen, 2019). Global wealth inequality and climate destruction were issues which, as “allocators of capital”, the industry had the power to address; a continuing failure to do so risked a significant political and regulatory backlash: “If we do not, as an industry, engage on these issues and create changes, the changes will be made for us in ways that will not be in our clients’ interest. The best way to take the zeal out of a revolution in progress is to engage, adapt and make changes – even concessions. There are a lot of [global efforts] to fundamentally change the system we operate in... But if we do not change it, someone else will.” Collective engagement by the fund management industry with the firms in which they invest could produce “radical change”, though the radicality to which Richards aspires remains wedded to a financial logic: “Financial returns are what really matter ... and how we are measured by our clients. But it is precisely because of this that it makes sense to prioritise returns which society regards as fair and sustainable. It is not in our interests, our clients’ interests or society’s interest for us to invest in companies that promise short-term returns because they exploit the environment or people”. By describing an interlinked relationship between the interests of fund managers and their clients (i.e. financial capital) and those of society (i.e. societal capital), Richards achieves here a reconciliation – at least in principle – of the tension which we have seen both in prior research and in firms’ accounts.

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<sup>7</sup> Based in the United States, the CFA Institute operates the leading professional qualification in the investment industry.



#### 4.6 *“Do as we say... or else”: conflict within the broader CEO field*

Where the previous section explored the positions adopted within the field of fund management CEOs, this section broadens the analytical focus to examine the positions adopted between the field of fund management CEOs and the wider CEO field. The main communication tool used here – by a relatively small number of fund management CEOs – is the “letter to CEOs”; these tend to include a series of demands, accompanied by threats of negative voting or disposal of the firm’s shares, an approach not dissimilar to a kidnapper’s ransom note.

In some cases the demands made by CEOs relate to a single issue. As an example Mark Slater, the founder and CEO of Slater Investments, focuses on executive pay. Opening his letter with a strong statement of his position – “We write to set out our dissatisfaction with the framework of directors’ remuneration in most public companies. A relentless ratcheting of terms and conditions have meant that the interests of directors and investors have grown steadily apart” (Slater, 2019) – he goes on to single out three problematic areas: nil-cost options, excessive executive bonuses (“Is a good salary not enough to get directors out of bed in the morning and to diligently work their allotted hours?”) and overly lengthy remuneration reports. In a similar way Yves Perrier of Amundi talks about “incentivizing” and “stigmatizing” companies to act to reduce their negative environmental impact.

Perhaps the most famous CEO letter is the one written each December by Larry Fink, Chairman and Chief Executive Officer of BlackRock; the 2019 letter marked a significant intensification of his rhetoric around the corporate world’s response to climate change. For Fink, investors’ emerging responses to the evidence on climate

change herald a “fundamental reshaping of finance” (Fink, 2019); he expects a “profound reassessment of risk and asset values” as investors gain better understanding of both the physical risks associated with climate change and its economic consequences. This is “the ultimate long-term problem”, one which demands a robust corporate response: “We believe that all investors, along with regulators, insurers, and the public, need a clearer picture of how companies are managing sustainability-related questions. This data should extend beyond climate to questions around how each company serves its full set of stakeholders, such as the diversity of its workforce, the sustainability of its supply chain, or how well it protects its customers’ data. Each company’s prospects for growth are inextricable from its ability to operate sustainably and serve its full set of stakeholders.” In the final sentence we see Fink, much as Anne Richards did in the previous section, weave together the notions of growth and sustainability, two goals which, *prima facie*, appear to contradict each other.

Financial and sustainable responsibilities are similarly interwoven in his evocation of “profit” and “purpose”: “As I have written in past letters, a company cannot achieve long-term profits without embracing purpose and considering the needs of a broad range of stakeholders. A pharmaceutical company that hikes prices ruthlessly, a mining company that shortchanges safety, a bank that fails to respect its clients – these companies may maximize returns in the short term. But, as we have seen again and again, these actions that damage society will catch up with a company and destroy shareholder value. By contrast, a strong sense of purpose and a commitment to stakeholders helps a company connect more deeply to its customers and adjust to the changing demands of society. Ultimately, purpose is the engine of long-term

profitability.” At the rhetorical level at least, a circularity is here established: far from damaging profits and investment returns, a more purposeful and societally-aware form of capitalism will enhance both.

Next come the threats. Fink demands that the companies in which BlackRock invests publish an SASB-aligned disclosure<sup>8</sup> or similar, and that they disclose climate-related risks in line with the TCFD’s recommendations<sup>9</sup>. Failure to do so will have consequences: “In the absence of robust disclosures, investors, including BlackRock, will increasingly conclude that companies are not adequately managing risk. We believe that when a company is not effectively addressing a material issue, its directors should be held accountable”, with this accountability enforced by BlackRock voting against corporate management; alternatively the firm and its peers will reallocate capital (i.e. sell the shares of recalcitrant firms). Conversely, a proactive response will benefit all stakeholders: “Companies must be deliberate and committed to embracing purpose and serving all stakeholders – your shareholders, customers, employees, and the communities where you operate. In doing so, your company will enjoy greater long-term prosperity, as will investors, workers, and society as a whole”. Fink is here cast as saviour, using his world-making powers to produce a “Capitalism 2.0” which has the potential to solve society’s problems.

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<sup>8</sup> SASB, the Sustainability Accounting Standards Board, sets industry-specific sustainability standards which enable businesses to disclose financially-material sustainability information to their investors.

<sup>9</sup> The TCFD (Task Force on Climate-related Financial Disclosures) develops a different set of voluntary, climate-related disclosure standards.

## 5. Discussion

The previous section examined, in considerable empirical detail, the discursive practices in two proximate and inter-related fields: the field of fund management firms and the field of their CEOs. As regards the field of firms, the findings echoed prior research (e.g. King & Gish, 2015; Cho et al., 2015) in observing a duality between two competing objectives (the financial and the societal), with these two objectives serving as the poles of a Bourdieusian field. One group of firms (the Alpha heuristic) manages the tension between these two objectives by placing almost no value on societal capital; in the other three groupings we observed varying levels of societal capital claims expressed through the firms' ESG discourse. Even in the Delta grouping which gave the highest value to societal capital, however, there was a noticeable (and indeed almost complete) absence of any normative or ethical discourse.

An important theoretical question to ask at this point is how we might use Bourdieu's theories to understand the power relations which these positions illustrate, remembering that the Bourdieusian economic field is constituted by the structure of power relations between firms, a structure which in turn determines their relative competitiveness (Bourdieu, 2005). From this perspective the different positions adopted reflect on one hand the structuring dominance of financial capital within the field, and on the other an agentic choice by firms as to how much value they choose to place on societal capital. It is clear from the firms' accounts that no fund management firm can choose to ignore the instrumental power of financial capital (financial returns are, after all, the lifeblood of the investment industry), but they can choose how much to invest in the accumulation of a symbolic societal capital which

can serve variously as a source of legitimacy, a competitive differentiator or a buffer against unwanted regulatory or governmental interference. In this respect the characterization by prior ESG researchers of the relationship between financial and societal objectives as being one of tension may be inaccurate in failing to recognize the (constrained) free play which is open to firms, the constraint coming from the need to ensure that the accumulation of societal capital does not deplete or devalue a firm's accumulated reserves of financial capital.

The exploration of the field of CEOs exhibited a more complex set of power dynamics. This field was similarly depicted between the poles of financial and societal capital; again, a wide range of different orientations was observed. The analysis identified four distinct positions: the CEOs who said nothing; the CEOs who echoed the positioning of their firm; those who were “negatively decoupled”, placing less value on societal capital than their firm; and those who, “positively decoupled”, accorded societal capital a greater value. Responding to the third research question, based on these four positions the paper proposes a series of interpretations of the power relations within the firm-as-field and within the field of fund management CEOs.

Looking first at the sizeable number of CEOs who expressed no view, one interpretation would be that they wish to avoid adopting a public position in a space which may be contested in the eyes of internal and external stakeholders. One of the themes which emerged from the interviews conducted as part of this study was a profound culture clash between investors and ESG specialists similar to that described by Wright et al. (2012); the CEO may prefer to maintain a neutral stance as means of “staying above” such disputes. A second interpretation is that they

choose to defer to the ESG experts within their firm, a stance which has the dual merit of placing a value on that expertise while also allowing the CEO to distance themselves from any resultant controversy. Finally, they may feel that, lacking sufficient reserves of capital within the firm field or the wider field, they have little to gain from adopting a strong and potentially discordant position.

The second group, those who mirror their firm's position, might be seen as the "default option" in Bourdieu's theoretical framing of the economic field: these are the individuals who have ascended to the top of the organization by identifying "the interests of the firm with *their interests within the firm*" (Bourdieu, 2005, p. 207). This would be particularly true of the individual who has spent a long time climbing the corporate ladder; as a result of their prolonged exposure to the field they will embody the prevailing capital, habitus and doxa of the field and thereby either reflect the dominant attitudes within the firm or, having achieved a dominant position, reshape the firm to match their own preferences. Put differently, they either align themselves with the firm or align the firm with them; once this alignment is achieved, they can accumulate symbolic capital which in this case will attach equally to the individual and to the firm.

Following the same argument, we might similarly infer that those who express a view which is decoupled from their firm's positioning do so from a desire to reconfigure the field according to their interests; following Kerr and Robinson (2011) we can frame this as a Bourdieusian understanding of leadership – they wish to lead the field in a different direction. Enjoying a dominant position within a field which they wish to reconfigure, either in the interests of the firm or of themselves as individuals, their intention is the accumulation of symbolic capital. The more decoupled their position is

from that of the firm, the more we might suspect that they are motivated by the accumulation of a personal symbolic capital which they can then translate into economic capital or institutionalized cultural capital. The prize for the most successful is accession to the field of power (Maclean et al., 2010) with all the benefits that accession implies. A more critical interpretation would be that these decoupled discursive practices are nothing more than hollow pieties, a characterization of rhetoric as smokescreen or distraction akin to the “greenwashing” critique seen in, among others, the account of Euan Munro.

The final sections of the empirical analysis brought to the fore the conflict which, as was described in section 2.1, sits at the core of Bourdieu’s concept of fields. Section 4.5 explored conflict within the field of fund management CEOs, where certain individuals adopt positions which are decoupled from the neutral position adopted by a majority of CEOs; their aim can again be construed as the accumulation of symbolic capital which, as before, can serve as a source of personal distinction, enhance the reputation of their firms or (if accompanied by sufficient reserves of other forms of capital) help to reconfigure the field. The scenario here is very different from that depicted by Kerr and Robinson (2011); where they showed the structuring powers of the quest for business dominance, with clear negative consequences, the competition in this case is to be “seen to be doing good”. Expressed differently, through the accumulation of symbolic societal capital, these individuals seek dominance in a field which they will have helped to reshape; this is a “worldmaking” power. The phenomenon described in section 4.6, that of fund management CEOs preaching to and (in some cases) threatening the CEOs of the firms in which they invest can be understood as the same competition, only with even bigger stakes: a

moving of the fund management industry closer to the field of power, and the accession of industry leaders into that elite field.

## **6. Conclusion**

Empirically this paper has used the public discourse of fund management firms and their CEOs to explore the field of ESG investing, and by extension the dynamics within the field of firms and a broader field of CEOs. The first of the three research questions explored the discursive claims made by fund management firms, using as evidence for these claims the publicly available policy documents they publish. Drawing on Pierre Bourdieu's economic sociology, the analysis characterized the field of ESG investing as being organized between two poles, one economic (financial capital) and the other symbolic (societal capital); a first empirical contribution was the identification of the different components of these two forms of capital. Within this field each firm adopts a different position; these were agglomerated into four heuristic positionings. In each of these positionings financial capital claims were dominant; more variance was seen in the degree to which firms invoked societal capital. Prior research has described the relationship between these two forms of capital as one of tension; a first theoretical contribution of the paper is to suggest that the relationship is more complex, with firms able – at the discursive level at least – to exercise agentic “free play” in the extent to which they choose to make claims of societal benefits, though their ability to do so is constrained by an obligation not to weaken the value or volume of their financial capital.

The second stage of the empirical analysis examined fund management CEOs in the context of three related fields: one vertical (the firm which they lead and represent)



and two horizontal, the field of other fund management CEOs, and the broader CEO field of which this is a subset. The discussion of the relationships and power dynamics within these two horizontal elite fields is the paper's second theoretical contribution. Of particular analytical interest were those cases where the CEO adopted a position which diverged materially from the doxic norms of the field by making larger claims of societal capital; a number of different motivations were suggested, including the acquisition of incremental symbolic capital for reasons of personal advancement or collective legitimacy, or as a means of reconfiguring the field. In its most ambitious form (exemplified in Stanley Fink's letter to CEOs) the project is one of reconfiguring a capitalist system which, as Anne Richards described, "might be working for everyone in this room, but is manifestly not working for everybody" in the wider public (Sheen, 2019).

Throughout the paper the analytical focus has been on discursive practices; these are important but, of course, only part of a broader set of practices at play within the ESG field. The major limitation of the paper is that it does not interrogate the gap which a number of interview participants described between talk and actions. A recent report by the UK-based responsible investment campaigning group ShareAction delivered a highly critical verdict on the ineffectiveness and lack of transparency of investment firms' ESG activities (ShareAction, 2020); a fruitful avenue of subsequent research would examine at both firm and industry level the extent to which the discursive claims of firms and their CEOs are reflected in their actions.

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## **CHAPTER FIVE – METHODOLOGY**

### **“Driving past your old house”: epistemic reflexivity and the “outsider/insider” researcher**

#### **Abstract**

This chapter explores the development of theories of reflexivity, strongly advocating Bourdieu’s epistemic reflexivity as a valuable tool for scholars active in the fields of interdisciplinary accounting and organization studies. It maps the development of Bourdieu’s theory of reflexivity and its application in his works, before applying the theory to my own social trajectory as part of an exercise in participant objectivation. The chapter ends with a discussion of the practical implications of this analysis for my research project, showing how it has influenced choices made at each stage of the process and enabled me to avoid perilous pitfalls which might arise given my long prior experience as a practitioner working in the field under study. Building on Bourdieu’s writing, the chapter makes several contributions, proposing various dimensions and modes of reflexivity, and using Bourdieu’s concept of the “cleft habitus” to suggest “outsider/insider” research as an alternative to the established opposition between insider and outsider approaches.



## 1. Introduction

The idea of reflexivity, defined in its most basic terms as a “bending back on itself” (Steier, 1991, p. 2), emerged as an “unsettling” (Pollner, 1991) of realist assumptions and discursive practices. Within an organization studies context, the topic enjoyed a flourishing during the 1990s; Weick characterized the decade as one where an “inward turn” (Weick, 1999) had resulted in a focus on “disciplined reflexivity” as a driver of theory construction (Weick, 2002). For Weick this attention to “self-as-theorist” was a positive development, provided that this inward turn did not become an end unto itself.

Despite Weick’s advocacy of the merits of reflexive research, echoed by Cunliffe (2003) and Alvesson et al. (2008), and a “cottage industry” inspired by the work of Ann Cunliffe (see, for example, Cunliffe, 2003, 2004, 2011) there is little evidence that the reflexive turn described by Weick has persisted. On the contrary, we can observe that research published in prestigious accounting and organization studies journals seldom, if ever, engages with questions of the researcher’s reflexivity; the same can be argued for the field as a whole. Bourdieu argues that his “reformist reflexivity” should be enacted by “all the agents engaged in the field” (Bourdieu, 2004: 91); for him, a field-wide failure to do so undermines the validity of much research.

The initial aim of this chapter, therefore, is to argue for the importance of reflexivity to any scholar of interdisciplinary accounting or organization studies, regardless of their personal ontological and epistemological preferences. The second aim is to examine and critique the ontological and epistemological typologies commonly used by

scholars active in these areas, namely those developed by Burrell and Morgan (1979), Morgan and Smircich (1980), and Johnson and Duberley (2003). Following Cunliffe (2011), the chapter argues that the fundamental shortcoming of these typologies is that they are constructed on a simple opposition between subjectivist and objectivist approaches, thereby failing to acknowledge the work done by (among others) Bourdieu and Giddens in challenging and weakening this traditional opposition.

The third aim of the chapter is accordingly to advocate Bourdieu's theories of epistemic reflexivity as being of particular value to scholars active in the fields of accounting and organizational scholarship. These theories are discussed in detail; in summary, they emphasize the need for what Bourdieu termed "participant objectivation" (Bourdieu, 1978; Bourdieu & Wacquant, 1992), an approach which requires the scholar, "observer observed", to situate themselves in social space – hence moving beyond a simple (and for Bourdieu solipsistic) discussion of their intellectual predilections to a much richer depiction of the conditions that produced them. Given the complex relationship between accounting and organizational scholars and their fields of research, the chapter argues that this is a particularly valuable theoretical approach. Moving beyond a simple advocacy of Bourdieu's work, the chapter follows the advice of Wacquant (2018) in suggesting adjustments and extensions to Bourdieu's ideas; these are described in the paragraph on contributions below.

The first section of the chapter concentrates on questions of theory. Though these theoretical discussions are rich, reflexivity also raises substantial practical

challenges; a discussion of these challenges forms the second section. The starting point for this discussion is the recognition that my research project presents specific reflexivity challenges. I am researching a field in which I was a long-standing participant; this personal history yields rich insights but also forces me to engage discursively with the potential pitfalls, the most obvious being a failure to place sufficient critical distance between myself and the field of study. This raises interesting questions about insider and outsider research. Bourdieu's concept of the "cleft habitus" (Bourdieu, 2004) helps to reconcile the opposition between these two positions; my work instead falls into a category we might term "outsider/insider", a liminal state between these two established orientations (Morris et al., 1999).

The discussion of reflexivity in practice follows the guidance set out by Bourdieu (2004): first an exercise in participant objectivation, then a discussion of how this analysis has informed my choices on the design and execution of my research project. This is the final aim of the chapter: to show how consideration of issues of reflexivity has informed the methodological choices I have made at each stage of the research process. Though I acknowledge that mine is a "special case" in terms of the extreme nature of my prior engagement with the field under study, the chapter argues that the issues I encountered are relevant for most, if not all, qualitative researchers.

Building on Bourdieu's concept of epistemic reflexivity the chapter makes several contributions to the literature on reflexivity. Firstly it proposes that reflexivity operates in several different dimensions – not solely an intellectual or epistemic one, but also a social dimension, an emotional dimension and an instrumental dimension. The latter

builds on Bourdieu's idea of the "space of possibles" (Bourdieu, 2004), incorporating a future orientation to the discussion of trajectories through social space.

Secondly it suggests (contra Bourdieu) that reflexivity operates in both conscious and unconscious modes. Dividing the research project into three phases – preparation, the collection of testimonies and their analysis – it draws on my experiences with this project to argue that each phase is dominated by one mode or the other. Conscious reflection is the dominant mode in the preparatory and analytical phases, while an unconscious oscillation between perspectives was a striking feature of the interviews conducted. Finally, the chapter draws on Bourdieu's concept of the "cleft habitus" to break down an established opposition between insider and outsider studies, instead framing this project as an exercise in "outsider/insider" research.

## **2. Theories of reflexivity**

This section focuses on the development of theories of reflexivity, describing the breakdown of confidence in the classic scientific method as new epistemological and ontological perspectives emerged. Focusing on organizational scholarship, it suggests that a positivist, deterministic view remains prevalent. It goes on to explore some of the most popular epistemological and ontological typologies, highlighting the fundamental flaw which they share, before advocating Bourdieu's theory of epistemic reflexivity as a valuable tool for scholars working across all disciplines.

### *2.1 Heraclitus reborn: the emergent "crisis of truth"*

Questions of ontology, the nature of reality, and epistemology, the nature and purpose of knowledge, have exercised Western philosophers since Ancient Greek

times. Chia (1996) describes the opposing positions of two pre-Socratic cosmologies, those of Heraclitus and Parmenides. Chia describes the Heraclitan view as one of “becoming-realism”, a processual approach where reality is constantly changing and is hence “both one *and* many”; the challenge for the observer is to comprehend the one in the many. By contrast, where Heraclitus conceived of reality as essentially fluid, Parmenides saw it as fixed and unchanging; the Parmenidean viewpoint hence marks a radical rupture from Heraclitus’ position. Rather than a process, reality was comprehended as a state: “For him, it is true that what exists is one, and true that reason is what tells us so. But for Parmenides reason tells us more than this: that if what is is one then it cannot also be many. There is for Parmenides only one true world, which is *unitary, already constituted, and unchanging*” (Chia, 1996, p. 35, italics in original). Rather than a “becoming-realism” this is hence a “being-realism” which emphasizes permanence over change.

The latter, Parmenidean, conception of knowledge, imprinted in the eighteenth-century Enlightenment ideas of empiricism and rationality, dominated Western thought well into the twentieth century. Up to that point it was taken for granted that there pre-existed an independent social and natural reality to be discovered by the assiduous, dispassionate and objective researcher (Johnson & Duberley, 2003; Cunliffe, 2003); such discoveries could in turn form the basis for empirically-grounded theory-building (Alvesson & Sköldberg, 2000). This is the logic of the experimental laboratory, a positivist commitment to a single realist truth.

In this representationalist paradigm the researcher performs a passive role as a chronicler of that reality and a producer of “confident knowledge” (Samuels, 1991).

As Cunliffe (2003) describes in the context of what she terms “mainstream” social science:

“[O]ntology and epistemology are separated because social reality consists of phenomena external to participants and therefore how we come to know and theorize our world is separate from our experience of it. Representation is unproblematic because researchers can observe reality, identify causality, develop truthful, objective, and empirically testable theories and explanatory models which then form a basis for action.” (Cunliffe, 2003, p. 985)

This divide is epitomized by the Cartesian split between *mind* and *matter*, or in Harré’s (1986) terms, between the *word* and the *world*. The dominant metaphor is that of the mind as a mirror, a metaphor which for Rorty had constitutive power:

“Without the notion of mind as mirror, the notion of knowledge as accuracy of representation would not have suggested itself. Without this latter notion, the strategy common to Descartes and Kant – getting more accurate representations by inspecting, repairing and polishing the mirror so to speak – would not have made sense” (Rorty, 1980, p. 12).

After centuries of dominance, confidence in the Parmenidean and Cartesian conceptions of reality was undermined from the 1960s onwards by work across a wide variety of disciplines which produced what Clifford (1986) termed a “crisis of representation” and Cunliffe (2003) a “crisis of truth”. Denzin and Lincoln (2005) describe the period between 1970 and 1986 as a “moment of blurred genres” when qualitative researchers gained access to a “full complement of paradigms, methods, and strategies to employ in their research. Theories ranged from symbolic

interactionism to constructivism, naturalistic inquiry, positivism and postpositivism, phenomenology, ethnomethodology, critical theory, neo-Marxist theory, semiotics, structuralism, feminism, and various ethnic/racial paradigms” (Denzin & Lincoln, 2005, p. 17).

In particular Denzin and Lincoln highlight the role of Clifford Geertz in defining this new era: for them Geertz’ books *The Interpretation of Cultures* (Geertz, 1973) and *Local Knowledge* (Geertz, 1983) mark important staging posts in showing how old “functionalist, positivist, behavioural, totalizing approaches to the human disciplines were giving way to a more pluralistic, interpretive, open-ended perspective” (Denzin & Lincoln, 2005, p. 17) as the traditional boundaries between the social sciences and the humanities became blurred.

Cunliffe (2003) lists a number of what she termed “reflexive scholars” who challenged the ability of social science to provide an absolute view of the world. This list includes the deconstructionist philosophy of Derrida (1976), the linguistic theories of de Saussure (1959) and Wittgenstein (1953), the sociology of scientific knowledge of Latour (1988) and Ashmore (1989), the ethnomethodology of Garfinkel (1967), Gouldner (1970) and Pollner (1991) and the psychology of Gergen and Gergen (1991) and Shotter (1992). We might also add to Cunliffe’s list the contribution of the social constructionism of Goffman (1959) and Berger and Luckmann (1967). For Cunliffe, these writers shared a view that “all forms of enquiry are paradigmatically circumscribed [...] and therefore truth claims, assumptions about reality and the ways in which we generate accurate theories should be challenged to reveal the inherent instability of knowledge” (Cunliffe, 2003, p. 984). Through their work the idea of

reflexivity therefore emerges as “an ‘unsettling’, i.e., an insecurity regarding the basic assumptions, discourse and practices used in describing reality” (Pollner, 1991, p. 370); this “unsettling” was “necessary to disturb or even disrupt the complacency and obliviousness of ordinary inquiry” (Pollner, 1991, p. 376).

Importantly, in turning attention upon the role of the researcher, reflexivity involves a rejection of positivist norms: “There is no one-way street between the researcher and the object of study; rather, the two affect each other mutually and continually in the course of the research process. A positivistic conception of research, according to which the object is uninfluenced by the researcher and the researcher is unaffected by the object, is thus untenable” (Alvesson & Skoldberg, 2000, pp. 39-40). Instead, as we shall see, reflexivity demands consideration of a much more complex structure of relationships than the straightforward separation of ontology and epistemology which characterizes the “classic” scientific method.

## *2.2 “We call upon the author to explain”: defining reflexivity/ies*

Perhaps because the concept of reflexivity emerged through the ideas of scholars working in many diverse disciplines, definition of the concept is problematic (Johnson & Duberley, 2003; Cunliffe, 2003). Alvesson and Skoldberg (2000) argue that it is more appropriate to speak of reflexivities in the plural, and their book sets out a multi-layered model drawing on a number of methodological approaches. Similarly Steier (1991) described first-order and second-order forms of reflexivity, where first-order reflexivity involves an attempt to keep the observer out of their constructions, an endeavour which as an exercise in “naive constructivism is tautologically non-self-reflexive” (Steier, 1991, p. 4), and second-order reflexivity recognizes that research is



jointly produced by a community of “linguistically created social Is” (Steier, 1991, p. 4), while Alvesson et al. (2008) characterized two forms of reflexivity: a D-reflexivity which operates in a “demolition” mode, pointing out the limitations of a conventional positivist approach to texts, and an R-reflexivity which constructs alternative understandings, bringing in what would otherwise be marginalized or excluded. Holland (1999) went further, conceptualizing reflexivity as an “inalienable human capacity” but one which operates on as many as four different levels.

What these and other definitions of reflexivity share (see, for example, Chia, 1996; Johnson & Duberley, 2003; Cunliffe, 2003; Brannick & Coghlan, 2007; Cunliffe & Karunanayake, 2013; Hibbert et al., 2014; Gilmore & Kenny, 2015) is a foregrounding of the subjectivity of the researcher: knowledge cannot be separated from the knower (Alvesson & Sköldberg, 2000). The researcher is no longer a passive mirror-holder; rather, there is a clear “realization that the researcher/theorist plays an active role in constructing the very reality he/she is attempting to investigate” (Chia, 1996, p. 42). Or, as Bourdieu wrote, “I know that I am caught up and comprehended in the world that I take as my object” (Bourdieu, 2004, p. 115).

Generalizing reflexivity beyond this point is problematic. As will be discussed in the next section, different combinations of objective and subjective ontologies and epistemologies produce distinct research paradigms, each with their own methodological implications. Different epistemological approaches demand different forms of reflexivity (Johnson & Duberley, 2000). The scholars quoted in this section were or are typically operating within interpretivist, constructivist or postmodernist paradigms but we will see that even a positivist approach, one which combines an

objective ontology with an objective epistemology, requires a form of reflexivity. One final point worth emphasizing, however, is that in re-invoking the spirit of Heraclitus and his fluid “becoming-realism”, we should not lose sight of the idea that reflexivity is intrinsically processual. Alvesson et al. (2008) make this point forcefully: reflexivity is a process, not a thing.

Given the challenges involved in operating as a reflexive researcher, not least the energy required to maintain a “methodological self-consciousness” (Hibbert et al., 2014) and the fallibility such an approach implies, a question worth asking is “why bother?”. This question can be answered at several levels. One answer is that many researchers do not engage reflexively; despite Weick’s (2002) description of an “inward turn” in organizational theory during the 1990s there remains a clear preference within organization studies for objective approaches which are perceived to be more robust methodologically (Cunliffe, 2011). Hence, despite the strong claims made by Prasad and Prasad (2002) that an interpretive approach to organizational research had “come of age”, we can observe the continuing popularity of institutional theories which are characterized by “deterministic” and “essentialist” tendencies (Cunliffe, 2011).

Where individual researchers do invoke the concept, it can be for primarily instrumental, isomorphic reasons, in order to meet the expectations of a journal reviewer or a PhD examiner. At the most basic level this can be little more than a simple check (“yes, I have monitored my biases”) with no examination of the heroic assumptions such a statement implies (Alvesson et al., 2008, and Hardy et al., 2001, both challenge this idea of the heroic researcher). This is the form of “narcissistic

reflexivity” dismissed by Bourdieu as a “complacent looking-back by the researcher on his own experience” which “is its own end and leads to no practical effect” (Bourdieu, 2004, p. 89). Weick (2002) describes this tendency as “narcissism run amok”: “[t]he problem of the position of the author in the text and the concerns with reflexivity have tended to privilege the voice of the author, while the subjects of organizational life are effaced, or kept at a distance” (Weick, 2002, p. 894). This approach may be reflective but it is not reflexive (Cunliffe, 2003). A more constructive answer to the “why bother?” question is proposed by Cunliffe (2003) and Alvesson et al. (2008); the adoption of reflexive practices makes for better and more interesting research: “for us, reflexivity is not primarily an end in itself, but a means to improve research in some way” (Alvesson et al., 2008, p. 495).

Underpinning this whole discussion, however, is the idea of choice: researchers are free to choose their epistemological and ontological stances. Though their freedom to do so may in some cases be constrained by the conventions of their discipline, within the fields of accounting and organization studies such constraints do not readily apply. In the next section, therefore, I will discuss the different meta-theoretical choices open to a qualitative researcher operating in these fields, and some of the shortcomings of the typologies commonly employed by accounting and organization scholars.

### *2.3 Reflexivity in organizational scholarship: meta-theoretical and methodological choices*

As has been suggested already, the qualitative researcher working in any discipline is faced with a number of philosophical choices; they approach the field of study with

a “set of ideas, a framework (theory, ontology) that specifies a set of questions (epistemology) that he or she then examines in specific ways (methodology, analysis)” (Denzin & Lincoln, 2005, p. 21). The meta-theoretical, ontological and epistemological choices made will accordingly have a direct bearing on the researcher’s methodology and their approach to reflexivity. Scholars working in the field of organization studies have developed a series of typologies which serve to summarize the different ontological and epistemological stances which can be taken. In this section I will review a number of these typologies (Burrell & Morgan, 1979; Morgan & Smircich, 1980; Johnson & Duberley, 2003) before discussing some of their shortcomings.

Burrell and Morgan (1979) played a pivotal role in the development of interpretive organizational research by “foregrounding [...] the role played by metatheoretical assumptions in the constitution of organizational analysis which served to heighten our sensitivity to the choices that were being made, usually by default” (Johnson & Duberley, 2003, p. 1280). Burrell and Morgan started by establishing two sets of oppositions within social science. First they set out the core opposition between a subjectivist approach which consisted of a nominalist ontology, an anti-positivist epistemology, a voluntarist view of human nature and an ideographic methodology, and an objectivist approach built on a realist ontology, a positivist epistemology, a deterministic view of human nature and a nomothetic methodology. Then they framed what for them was a spurious and problematic “order-conflict” debate in terms of the opposition between a “sociology of regulation” which emphasizes unity and cohesiveness and a “sociology of radical change” which concerns itself with “explanations for the radical change, deep-seated structural conflict, modes of

domination and structural contradiction which its theorists see as characterizing modern society” (Burrell & Morgan, 1979, p. 17). The next stage of their analysis established a simple 2x2 typology based on these two sets of oppositions; this sets out Burrell and Morgan’s four paradigms. Within the sociology of regulation, the more objective version is termed “Functionalist” and the more subjective “Interpretive”; within the sociology of radical change, “Radical humanist” is the more subjective and “Radical structuralist” the more objective.

Writing the following year, Morgan and Smircich (1980) built on Burrell and Morgan’s framework, focusing on their Interpretive and Functionalist paradigms. Like Burrell and Morgan, Morgan and Smircich start with a subjectivism/objectivism spectrum with, at one end, a purely objectivist approach which sees reality as a concrete structure and conceives of knowledge in positivistic, scientific terms and, at the other, a purely subjective view which holds that reality is a projection of the human imagination and adopts an epistemology which emphasizes “the importance of understanding the processes through which human beings concretize their relationship to their world” (Morgan & Smircich, 1980, p. 493) through a phenomenological epistemological stance. Phenomenology is here the “radical solipsism” of Husserl where only the ego exists and that “productive, energy-filled ego is ultimately the creator of its own world” (Alvesson & Sköldberg, 2000, p. 37).

Morgan and Smircich (1980) expand this original spectrum into a fuller typology of six paradigms based around the same objectivism/subjectivism continuum. They term the most objectivist end “Reality as a Concrete Structure”. Here humans are “responding mechanisms”, conditioned by their environment to respond to situations

in a rule-governed way; behaviourism and social learning theory are the most appropriate methodological options for researchers operating with these meta-theoretical assumptions. The typology moves through a number of other categories (“Reality as a Concrete Process”, “Reality as a Contextual Field of Information”, “Reality as Symbolic Discourse”), in each of which human actors are accorded increasing levels of agency such that in “Reality as Symbolic Discourse” they are depicted as “actors with the capacity to interpret, modify, and sometimes create the scripts that they play upon life’s stage” (Morgan & Smircich, 1980, p. 494). Language, symbols and myths can accordingly play important roles in constructing reality; by exploring these specifically-situated texts the researcher can build “substantive theory” (Glaser & Strauss, 1967) and knowledge about the social world.

The penultimate category in Morgan and Smircich’s typology is “Reality as a Social Construction”. The core ontological assumption here is that the social world is a “continuous process” where meaning is created through “language, labels, actions and routines” (we might give these the collective term “practices”). Reality is hence a symbolic construction; methodologically this lends itself to the ethnomethodology developed by Cicourel (1964) and Garfinkel (1967) and summarized by Alvesson and Sköldbberg (2000, p. 38) as focusing on “exploring how the lifeworld emerges as a result of microprocesses in the form of social interactions, which generate the common-sense knowledge of the participants”; hence, through what Bourdieu and Wacquant (1992) termed a “hyper-empiricist” methodology, ethnomethodologists study “everyday knowledge, how it emerges and is shaped” (Alvesson & Sköldbberg, 2000, p. 39). Finally, at the most subjectivist end of Morgan and Smircich’s typology we find “Reality as a Projection of Human Imagination”, an extreme solipsistic

position where there is nothing outside one's own mind and where human beings accordingly shape the world through their own immediate experience.

Morgan and Smircich's framework has had a lasting impact, helping qualitative researchers to situate their work (Cunliffe, 2011); it had little to say, however, about reflexivity. Looking specifically at the field of management research, Johnson and Duberley (2003) addressed this; they similarly built a framework on black-and-white distinctions between subjective and objective sociological approaches but added a consideration of issues of reflexivity. They identified three positions based on different epistemological and ontological assumptions and related each of these positions to a different form of reflexivity.

The first such position, which Johnson and Duberley term "Thesis", combines epistemological objectivism and ontological realism; this position is said to require methodological reflexivity. Their emphasis is on the rigorous execution of the chosen methodology rather than the metatheoretical assumptions which justify that methodology: "[o]verall the focus of reflexivity [...] is the monitoring by the researcher of his/her behavioural impact upon the social settings under investigation created by the deployment of particular research protocols and associated field roles so as to eradicate methodological lapses" (Johnson & Duberley, 2003, p. 1285). As one example, this is the realm of the grounded theory approach proposed by Glaser and Strass (1967), the methodological approach most widely used by qualitative researchers (Denzin, 1994). Alvesson and Sköldbberg (2000) trace the development of grounded theory through Strauss' training in symbolic interactionism and Glaser's "statistically oriented positivism"; these dual origins come together in a set of

“stringent and coherent methodological rules or canons” (Alvesson & Skoldberg, 2000, p. 16). Put simply, by trusting in the rules of grounded theory and adhering rigorously to its canons, the researcher removes herself or himself from the picture. Hence Strauss and Corbin (1990) describe the ideals of grounded theory as objectivity, generalizability, reproducibility and predictability.

The second position in Johnson and Duberley (2003)’s framework, the “Antithesis” is set up in opposition to the first, combining as it does an ontological and an epistemological subjectivism. This is the equivalent of Morgan and Smircich’s “Reality as a Projection of Human Imagination”, updated to take account of developments within postmodernism. In particular Johnson and Duberley emphasize the importance of the postmodern linguistic turn, as exemplified by the work of Lyotard (1984, 1988). If, as Lyotard argues, knowledge is produced by a series of language games which in turn produce a plurality of contradictory meanings, the implications for the management researcher are clear: “truth, whether in terms of rationally grounded consensus or of correspondence to an independent reality, is no longer considered to be a worthwhile goal for management research or a possible moral basis for managerial practice and authority” (Johnson & Duberley, 2003, p. 1286).

What does this imply in terms of reflexivity? For postmodernists no text can ever be stable; hence Johnson and Duberley (2003) emphasize the need for reflexive questioning and deconstruction, not only of the text but also of the researcher’s own representational practices. This can be termed “hyper-reflexivity” (Ashmore, 1989; Woolgar, 1988) or the “deconstruction of deconstruction”.



Sitting between these two positions, the third and final position in the framework is entitled “Synthesis”. Combining ontological realism with epistemological subjectivism, this position is heavily influenced by Kant’s conceptualization of “transcendentals” which can be accessed through rational reflection. Johnson and Duberley find these transcendentals primarily in social form, and term their analysis “epistemic reflexivity”; the attraction of this form of reflexivity is that it allows the researcher to find a middle-ground between the “relativistic nihilism” of postmodernism and the “repressive discourses” of positivism. The emphasis here is on the social location of the researcher: “epistemic reflexivity must relate to how a researcher’s own social location affects the forms and outcomes of research as well as entailing acceptance of the conviction that there will always be more than one valid account of any research. Therefore a key role of epistemic reflexivity is to negate the world as an objectively accessible social reality and denaturalize hegemonic accounts by exposing their modes of social organization and reproduction” (Johnson & Duberley, 2003, p. 1289).

In the next section, we will discuss how the work of Pierre Bourdieu serves as an exemplar of epistemic reflexivity, although he was far from alone in working within this space (see, for example, Steier, 1991; Pollner, 1991; Beck, 1996; Holland, 1999). Before doing so, however, it is worth examining how the concept helps to overcome some of the obvious shortcomings of prior approaches, in particular the stark subject-object dualism upon which the typologies of Burrell and Morgan (1979) and Morgan and Smircich (1980) were built.

As Cunliffe (2011) describes, the period following Morgan and Smircich's article saw significant developments in metatheoretical perspectives and organizational theory. Within this, one important strand was an increasing problematization of the distinction between subjectivism and objectivism (Bourdieu, 1994). Cunliffe (2011) describes how the erosion of this antonymy results from several different strands of theory: the mutual linkages between subject and object implied in the interrelationship of structure and agency (Bourdieu, 1990; Giddens, 1979); the poststructuralist idea of multiple subjectivities; the perspective that both subjects and objects have agency (Latour, 2005; Law, 2004); and the recognition that processes of objectification turn subjects into objects.

Against this intellectual backdrop, for Cunliffe "the idea that researchers take either a subjective or an objective stance, no longer holds: 'subjects' may now refer to conscious individuals, discursive 'sites', subjective interpretations, or objective traits, and so on, and 'objects' as materialities and agentic entities" (Cunliffe, 2011, p. 653). Her solution is to extend Morgan and Smircich's typology by incorporating a third knowledge problematic: an "intersubjectivism" which is characterized by "we-ness, our complexly interwoven, actively responsive relationships which are neither fully within nor outside our control as researchers or organizational members" (Cunliffe, 2011, p. 658). In a world where meanings are plural and fluid, "[r]esearchers work with research participants from within conversations to explore how we ongoingly interpret, understand, and relate with others and our surroundings (a reflexive hermeneutic)" (Cunliffe, 2011, p. 658).

Cunliffe's updating of Morgan and Smircich's typology represents an elegant response to the blurring of the subjectivism/objectivism divide. The central argument of this chapter is that the reflexive sociology of Pierre Bourdieu also offers a powerful theoretical framework for accounting and organization scholars, and one which fits with my interpretive and constructivist research perspective. In the next section I will discuss the strengths and attractions of Bourdieu's theory of reflexivity.

### **3. Bourdieu and epistemic reflexivity**

An emphasis on reflexivity is a defining feature of Bourdieu's sociology: Bourdieu's student and co-author Loïc Wacquant argues that it is this "signature obsession with reflexivity" (Bourdieu & Wacquant, 1992, p. 36) which distinguishes him from his peers. Given the subject's centrality to Bourdieu's theory of practice, it is perhaps fitting that the final lecture course he delivered at the Collège de France (collected in Bourdieu, 2004) was on the science of science and reflexivity.

This focus on reflexivity can be seen as a key element of Bourdieu's project to reconcile the seemingly irreconcilable sociological opposition between subjectivism and objectivism (Bourdieu, 1977; Bourdieu, 1990). This reconciliation is achieved through his invocation of the concept of habitus, the unconscious set of dispositions which are both structured and structuring, a concept which allows him "to break away from the structuralist paradigm without falling back into the old philosophy of the subject or of consciousness" (Bourdieu, 1985, p. 13). Bourdieu combines the concept of habitus with the "sister" concept of inherited and accumulated capital in a socioanalysis which tracks the trajectory of individuals through a given social field. Reflexivity therefore operates at two different levels: that of the agent, the actor

moving through social space, and that of the researcher, the “actor observer” analyzing the field and individuals’ trajectories through it. But the researcher is also an actor operating in their own field with their own habitus and capital; hence the “subject” of the research is also an “object” of that research. The situation may be further complicated by tension between the researcher’s field and the actor’s field, both themselves historically informed.

Invoking Kant but following Durkheim in replacing Kant’s universal conditions and a *prioris* with socially constituted conditions and a *posterioris*, Bourdieu summarizes these ideas as follows: “I would like to show how the process of historicization of Kantian questioning has to lead to a scientific objectivation of the subject of objectivation, a sociology of the knowing subject in its generality and its particularity, in short to what I call an undertaking of reflexivity, aimed at objectivating the transcendental unconscious that the knowing subject unwittingly invests in acts of knowledge, or, to put it another way, his habitus as a historical transcendental” (Bourdieu, 2004, p. 78).

This reflexive approach reached its apogee in *Homo Academicus* (Bourdieu, 1988), Bourdieu’s study of the Parisian university field around the time of the crisis of May 1968. This was a field in which Bourdieu had achieved a prominent position as a Professor at the Collège de France, a position which contrasted strongly with his relatively modest upbringing in the rural south-west of France. Accordingly he described the book as the culmination of a “very self-conscious ‘epistemological experiment’” (Bourdieu & Wacquant, 1992, p. 67) in which he attempted to show the “possibility of a full sociological objectivation of the object *and* of the subject’s relation

to the object – what I call *participant objectivation*” (Bourdieu & Wacquant, 1992, p. 68, italics in original). For Bourdieu, this concept of participant objectivation is crucial for the effective performance of sociological research: “The most critical sociology is that which presupposes and implies the most radical self-criticism, and the objectivation of him or her who objectivizes is both a precondition for, and a product of, a full objectivation: the sociologist has a chance to succeed in his work of objectivation only if, observer observed, he submits to objectivation, not only everything he is, his own social conditions of production and thereby the ‘limits of his mind’, but also his very work of objectivation, the hidden interests that are invested in it and the profits that it promises” (Bourdieu, 1978, pp. 67-8, quoted in Bourdieu & Wacquant, 1992, p. 68).

### *3.1 Bourdieu’s reflexivity in a theoretical context*

As we have seen, Bourdieu’s epistemic reflexivity plays an important role in enabling him to escape the “forced choice” between objectivism and subjectivism, between logicism and “relativistic nihilism” (Bourdieu, 2004). In his writing he identifies the shortcomings of alternative approaches, with particular criticism directed at phenomenology and, within that, ethnomethodology. A central idea for Bourdieu is that social science has to break from the natural sciences: “Social science must create its own social concepts formed in an entirely different purview than the notions and frames of reference of the everyday world” (Bourdieu et al., 1991, p. 37). The common-sense should be treated with suspicion; likewise positivism: “positivist *self-confidence* [...] represents the most formidable social obstacle to the progress of science” (Bourdieu, 1988, p. 31, italics in original). At the heart of Bourdieu’s reflexive

approach, then, is a “break” from the everyday world; acknowledging the influence of Bachelard’s *coupure*, he rejects the basic empiricism which he equates to “naïve and self-indulgent objectifications” (Bourdieu, 1988). This is, for Bourdieu, a hallmark of phenomenology which limits itself to seeing “the world as self-evident” and “taken-for-granted” (Bourdieu, 1977, p. 3).

While criticizing positivism Bourdieu also rejects the intellectualist bias which, for him, undermines the work of many of his fellow interpretive sociologists: “What distresses me when I read some works by sociologists is that people whose profession it is to objectivize the social world prove so rarely able to objectivize themselves, and fail so often to realize that what their apparently scientific discourse talks about is not the object but their relation to the object” (Bourdieu & Wacquant, 1992, pp. 68-69). In so doing Bourdieu sets his version of reflexivity in opposition to what he terms the “narcissism” and “solipsism” of researchers who set themselves outside the object, observing it “from afar and from above” (Bourdieu & Wacquant, 1992, p. 70).

In criticizing the broader failure of sociologists to situate the individual within their social and historical context, he particularly singles out the ethnomethodology of Garfinkel (1967), Gouldner (1970) and Bloor (1976): Garfinkel’s reflexivity is “strictly phenomenological” while in Gouldner “reflexivity remains more a programmatic slogan than a veritable programme of *work*” (Bourdieu & Wacquant, 1992, p. 69) in which reflexivity focuses too much on the “I” of the researcher.

In defence of phenomenology, Throop and Murphy (2002) argue that Bourdieu focuses excessively on the inadequacies of the theory. They criticize Bourdieu for using the term “phenomenology” in far too general a way, grouping as he does

Sartre's existentialism, Garfinkel's ethnomethodology, Schutz's social phenomenology and Husserl's genetic phenomenology under a single broad banner. In particular they feel that Bourdieu fails to sufficiently acknowledge the influence of Husserl, emphasizing how Husserl's version of phenomenology was, like Bourdieu's reflexivity, primarily methodological in nature. The methodology "set out to attenuate those epistemological lacunae grounded in what Husserl perceived to be western philosophy's problematic reliance upon a number of unquestioned, taken-for-granted assumptions about the world" (Throop & Murphy, 2002, p. 191). Rather than privileging description, they see Husserl as pursuing a similar goal to Bourdieu, that of exploring the structures and conditions which give rise to phenomena.

It is interesting to note that while Bourdieu may have been guilty of – as Throop and Murphy argue – a "gross misrepresentation of Husserl's work" (Throop & Murphy, 2002, p. 192), in his analysis of Bourdieu's intellectual precursors, Wacquant does describe Bourdieu's debt to Merleau-Ponty's ideas of practical sense and corporeality (Bourdieu & Wacquant, 1992). This inheritance is small, however, in comparison to the influence of Durkheim on Bourdieu's thinking. Wacquant (2001) highlights what he terms the four "pillar-principles" which Bourdieu shares with Durkheim, each of which he adapted such that his "scientific edifice" ends up looking very different from the "Durkheimian mother-house". These four pillars are: a "fierce attachment to realism", "the refusal of pure theory and the stubborn defense of the undividedness of social science", "the relation to the historical dimension" and the use of ethnology as a "privileged device for 'indirect experimentation'" (Wacquant, 2001, p. 105).

Ultimately, then, for Bourdieu the middle-ground between “positivistic materialism” and “intellectualist idealism” (Bourdieu & Wacquant, 1992, p. 121) or between “realist positivism” and “idealist constructivism” (Bourdieu, 2004, p. 77) is what he termed a “realist rationalism”. The biggest problem he sees for the social scientist is the challenge of unpicking multiple layers of construction and objectivation: “In the social sciences, the ‘real’ is indeed external to and independent of knowledge, but it is itself a social construction, a product of past struggles which, at least in this respect, remains at stake in present struggles” (Bourdieu, 2004, p. 88). It follows, then, that social science is a “social construction of a social construction”. And, complicating matters further, “the analyst is part of the world that he is trying to objectivate” (Bourdieu, 2004, p. 88).

Bourdieu’s advocacy of participant objectivation can be seen to stem above all from a desire to “do research better”: “[o]ne of my aims is to provide cognitive tools that can be turned back on the subject of the cognition, not in order to discredit scientific knowledge, but rather to check and strengthen it” (Bourdieu, 2004, p. 4). In much the same way as his theory of practice emerges as the product of a practical sense, so his theory of reflexivity also emerges from practice; it is a “sociological method” rather than a “theory *stricto sensu*” (Bourdieu & Wacquant, 1992, italics in original).

Repeatedly Bourdieu frames his reflexivity in methodological terms, emphasizing for example the kinship he feels with researchers who “put their noses to the ground” (Bourdieu & Wacquant, 1992, p. 113). It should not be something narcissistic; nor it is intrinsically intellectual. Rather, the “reformist reflexivity” Bourdieu advocates should become an unconscious element of the researcher’s habitus: the sociologist should “convert reflexivity into a disposition constitutive of their scientific habitus, a *reflexivity*



*reflex*, capable of acting not *ex post*, on the *opus operatum*, but *a priori*, on the *modus operandi*" (Bourdieu, 2004, p. 89, italics in original).

### 3.2 "Doing reflexivity": Bourdieu's reflexivity in practice

Thinking in this way of reflexivity as a core ingredient of the researcher's habitus, it is interesting briefly to explore the principles which Bourdieu set out for the reflexive researcher. The clearest set of principles is found in Bourdieu (2004, p. 94). The work of objectivation must be carried out at three levels: first, objectify the position of the subject of objectivation in the overall social space (look for example at their original position, trajectory and group memberships); second, objectivate the position that individual occupies within the field of academic specialists; and third, objectivate everything that is linked to membership of the scholastic universe. (It is interesting as an aside to note the links between these principles and those found in Bourdieu, 1988, and Bourdieu and Wacquant, 1992, on the three stages of analysis of a field.)

As has been noted above, this is the methodology which Bourdieu applied in *Homo Academicus* (Bourdieu, 1988), his account of his own experiences within the field of the Parisian universities. While drawing on his own experience he also recognized the need to break with that inside experience: doing so allowed him to reconstitute the knowledge obtained by means of that break. Throughout this process he identified his "cleft habitus" as both an outsider of "lower-class and provincial" origins and an insider, a member of the "educational aristocracy" (Bourdieu, 2004); this idea of cleavage enabled him to reconcile another familiar opposition, that between insider and outsider research (Morris et al., 1999).

#### 4. Reflexivity in practice

In the second half of this chapter I will draw on this idea of the “cleft habitus” to make sense of my own experiences as a newcomer to the academic field conducting research into a field in which I was previously an insider participant. Moving beyond the theoretical discussion of Bourdieu’s reflexivity, the clear emphasis henceforth will be on the practical, the experiential and the methodological. In so doing the latter part of this chapter will follow the advice given by Wacquant (2018) on the deployment of Bourdieu’s theoretical toolkit: the “principles guiding the construction of the object are not theoretical slogans but practical blueprints for anthropological inquiry. This implies that *mimesis and not exegesis* should guide those social scientists who wish to build on, revise, or challenge the scientific machinery and legacy of Pierre Bourdieu” (Wacquant, 2018, p. 3, italics in original).

In this spirit the analysis will adapt the principles set out in Bourdieu (2004). Firstly it will discuss my social trajectory into the field of investment management, and from that field into the field of academia. Inasmuch as this trajectory also allows for what Bourdieu terms a “space of possibles” this discussion will incorporate a future dimension. Secondly the discussion will consider the influences of that social trajectory on my attempts to research the field of fund management, the different ways in which that trajectory can insert itself into the research. In the third section I will reflect on my experiences of doing research at each stage, and finally I will consider the research design choices I have made which mitigate against some of the epistemological traps which await the “insider turned outsider” researcher.

#### *4.1 Working with Bourdieu: social trajectories and adjacent fields*

As has been discussed earlier, one of the strengths of Bourdieu's theory of reflexivity is the way in which it forces the researcher to objectivate themselves, their trajectories and their positions within social space; in so doing they can insert themselves into their research without lapsing into the solipsistic narcissism which Bourdieu decried. In that spirit, I set out here a brief account of the salient details of my autobiography. I was born into a Presbyterian upper middle-class family; my father was a surgeon and has served for over fifty years as an elder in the Church of Scotland. Though my two sisters and I were privately educated at day-schools in Edinburgh and we lived in an affluent suburb of Edinburgh, the family eschewed ostentatious materialism: we holidayed in Scotland and drove a variety of aged cars. This is emblematic of Bourdieu's depiction in *Distinction* (Bourdieu, 1984) of upper middle-class "disinterest". After school I won a place at Oxford to read Classics and Modern Languages; the choice of degree reflected a similarly disinterested pursuit of "education for education's sake". I did not feel that it was my "birthright" to go to Oxford but saw it as something earned through hard work; in hindsight there is an obvious failure here to recognize the positive educational endowment offered by my background and upbringing. My pathway into fund management came via two summer internships spent at Scottish Amicable Investment Managers in Glasgow (long since absorbed into the Prudential); the internship was advertised in the Oxford University Careers Service. In the final year of my undergraduate studies my main goal was to win a place in the Civil Service Fast Track scheme; having failed to do so my last-minute fallback was an investment analyst role at a fund management firm in Edinburgh, again advertised in the Oxford Careers Service.

This first firm was relatively small and had a strongly patrician character. I worked there for eight years, moving after the firm had been sold to a large Australian bank. My second firm, where I worked for the next sixteen years, had a similarly paternalistic culture at the point where I joined but this changed significantly with the appointment of a new chief executive from outside the firm; from that point onwards I would characterize the strategy of the firm as being the aggressive pursuit of relatively short-term targets. I left the firm in the middle of 2016; my role was made redundant as the result of the acquisition of a small hedge-fund business.

I have written in the Introduction to this thesis an ethnography of the field using Bourdieusian concepts of field, capital and habitus. Rather than repeating that analysis here I will simply suggest that as a practitioner I was reflective but non-reflexive. Put differently, I observed a lot but took much of that for granted and certainly did not problematize it; using Bourdieu's metaphor I was like the "fish in water" which takes the world about itself for granted (Bourdieu & Wacquant, 1992, p. 127). The clearest example of this is the extent to which I embraced what Stout (2012) termed "shareholder value ideology" without any critical engagement. Though wholly immersed in the field, I did not, however, fully embrace its dispositions; as an example, the second iteration of my second employer placed huge value on economic capital – one of the doxic rules could be summarized as "earn hard, spend hard", and this sat uneasily with the values I had absorbed as a child.

The second phase of my trajectory incorporates my experience over the last four years in the field of academia – defined both locally (i.e. at the University of Edinburgh Business School) and more widely as part of the initiation into a broader

community of scholars. This period has involved a year studying for an MBA and then, having been encouraged to apply for a place on the PhD programme by my present doctoral supervisor, three years spent as a doctoral researcher and teaching assistant, and participating as part of the scholarly community in Edinburgh and elsewhere. Importantly for the purposes of this exercise, I chose to study the field in which I had previously worked.

The objectification of me as the subject of objectivation should start with a consideration of my trajectory through social space. In Bourdieu's terms, this trajectory is downward: in my upbringing, secondary and tertiary education and the early part of my career I moved through a field which valued restricted forms of cultural capital; then in the second part of my work career to a field which placed greater value on economic capital. In different ways I suggest that these were both dominant fractions within the dominant class. By contrast, as Bourdieu himself describes, intellectuals are a dominated fraction of the dominant class (Bourdieu, 1988; Bourdieu & Wacquant, 1992), rich in different forms of cultural capital but, crucially, poor in economic capital and hence characterized overall as dominant in the field of cultural production but a subordinate pole of the field of power (Bourdieu, 1988). Importantly in terms of a broader critique of a lack of academic reflexivity, for Bourdieu this situation is often misrecognized: "Academics (and, more generally, the members of the dominant class) have always been able to afford to be at once infinitely more satisfied (especially with themselves) than we would expect from an analysis of their position in their specific field and in the field of power, and infinitely more dissatisfied (especially with the social world) than we would expect from their relatively privileged position" (Bourdieu, 1988, p. 114). This mismatch of capitals

perhaps explains the persistence of the “relevance gap” (Starkey & Madan, 2001) whereby practitioners challenge the relevance of scholarly activity; the Bourdieusian explanation of the phenomenon is that the cultural capital which is highly valued in the academic field carries very little value in the field of practitioners.

This, then, is the story of a transition from one field into another. Having described this broad trajectory, consideration must also be given to my status as an individual within these two fields, which, following Bourdieu, can be framed in terms of specific forms of cultural capital translating into symbolic or reputational capital. Here it is appropriate to think at two levels: the first an institutional level, the second a personal one. Institutionally, in *Homo Academicus* Bourdieu invokes several different bases for hierarchization within the French university system. One is an institutional hierarchy which places the *grandes écoles* at the top of the tree with a clear “pecking order” beneath them. More interestingly he observes a striking paradox: “the university field is organized according to two antagonistic principles of hierarchization: the social hierarchy, corresponding to the capital inherited and the economic and political capital actually held, is in opposition to the specific, properly cultural hierarchy, corresponding to the capital of scientific authority or intellectual renown” (Bourdieu, 1988, p. 48). One might observe that developments in the academic field over the fifty years since Bourdieu’s study have increased the value of the scientific capital which he describes here; REF scores and citation counts have become reified to the extent that they now serve as an “objective” signifier of scholarly distinction.

A similar dynamic can be observed within the field of fund management. At one level there is an (informal) hierarchy of fund management organizations. Institutional fund

managers, those who manage billions of dollars of assets for large pension funds, would certainly see themselves as superior to the wealth managers who manage the savings of wealthy individuals. This is a relatively stable view; the rankings of firms within the institutional fund management field have been and will be more fluid over time, influenced by factors including their measurable business success (e.g. the amount of assets they had accumulated or their recent fund performance) but also more intangible factors. Some of the latter could be factual in origin (high-profile departures or changes in ownership might raise questions about broader business risks), others more perceptual, particularly questions of reputation or culture.

Just like Bourdieu's concept of scientific or academic capital, the other determinant of an individual fund manager's status within the field will be linked to their individual performance – we might term this “performance capital”. One of the distinctive characteristics of investment management is the full transparency of investment returns, and by extension the performance of an individual fund manager. There emerges from this a “star culture”; the fund manager who has delivered strong investment performance will accumulate performance capital which is then translated into economic capital (in the form of big bonuses) and a broader symbolic or reputational capital. Hence a strong performance track record is reified in exactly the same way as the canon of celebrated publications and the citation count of the eminent academic.

Interestingly, this analysis shows that while my two fields of interest, namely fund management and academia, occupy very different places in the broader social world, the first being much closer to the field of power, the intra-field parallels between them

are striking. How then can we use this analysis to objectivate my ongoing experiences? Starting with the notion of an institutional hierarchy within the fund management field, my conclusion is that here again there was a downward drift. Particularly at my second employer, there was a well-publicized regulatory breach in 2010 which affected both the financial performance and the reputation of the firm. In terms of my individual “performance capital” my assessment is that this rose over the first twenty years of my career; the accumulation of experience resulted in a series of promotions and good collective investment performance generated economic and reputational capital. The last two years were more difficult: the funds I managed performed poorly and this damaged my personal reputation; in Bourdieu’s terms, I accumulated negative symbolic capital. As in other fields there is a recency bias so when I was made redundant this poor performance made it practically hard (though not impossible) for me to find an equal and equivalent role.

Moving into the academic field, as a “novitiate” the focus is on the personal rather than the institutional. As Bourdieu himself describes, at the start of her or his career a doctoral researcher is entirely lacking in academic capital; they are powerless, “placed in a relation of wide-ranging and prolonged dependency” (Bourdieu, 1988, p. 84). Over time, and with the help of a supportive supervisor, the individual doctoral researcher can start to acquire social and academic capital through conference papers and presentations, meetings with influential scholars, journal submissions, and so on. Nonetheless this remains a “high-dependency” situation where the individual’s progress is strongly linked to their relationship with their supervisor and the workings of a “field of reception” which sits between the author and their reader (Bourdieu & Wacquant, 1992).



#### *4.2 Insider, outsider or outsider/insider?*

Having thus objectivated my trajectory through social space up to the point of writing this thesis, the next stage of the discussion will explore the different ways in which this trajectory has influenced my research. This discussion is particularly salient given that I am directing my gaze back at a field in which I used to participate; this raises important questions of “insider” versus “outsider” perspectives (Cunliffe, 2016; Baker & Kölb, 1993), and the need to reconcile what may be a false dichotomy between the two.

Both “emic” (insider) and “etic” (outsider) perspectives have long pedigrees in social science (Morris et al., 1999). Each approach has its advantages and its weaknesses. Emic research is able to capture the perspectives of cultural insiders through rich “thick description” (Geertz, 1973) and enables the researcher to situate themselves within the research (Ely et al., 1991). In an organizational context an insider has advantages in terms of access and a preunderstanding of the research site but may find it hard to negotiate the dual roles of organizational participant and researcher (Brannick & Coghlan, 2007). An obvious shortcoming is that it limits the type of research which any individual researcher can pursue (Dwyer & Buckle, 2009). Perhaps more seriously, there is a risk that inside research can be overly descriptive and uncritical, placing excessive value on common-sense observations (clear echoes here of Bourdieu’s critique of ethnomethodology) and representing the political interests of a shared community. Or, at the other extreme, the insider researcher may expose themselves to charges of subversion (Brannick & Coghlan, 2007). Hence it is incumbent upon the individual researcher to work reflexively through these risks.

Conversely, the outsider researcher starts from a position of greater critical distance and benefits from a wider perspective. The danger here is that they fail to burrow sufficiently into the field such that their findings (empirical or theoretical) lack substance. Politically they may be incentivized to look for something they have already decided is there.

In my case, due to my history as a field insider I have found access relatively easy and the preunderstanding I have of the field has enabled me to identify areas of theoretical, empirical and practical interest. Explaining my career history has helped to break the ice with my informants, and I have found them able to talk in a free and unself-conscious way, partly because they were not having to explain terminology or background issues to me. However, I am neither an insider, nor a pure outsider: the special circumstances of my research cause any clear emic/etic dichotomy to break down. Rather, I occupy a liminal space which could be equally described as “insider/outsider” or (my preference) “outsider/insider”. Bourdieu’s idea of the cleft habitus is valuable here; thinking of “insider” and “outsider” as being two parts of the same cleft whole shows us a way around an arbitrary and unhelpful dichotomy between the two positions. The process of objectivation described in the previous section is also helpful in this regard: mapping my trajectory from insider to outsider in the field of fund management, and from outsider towards insider in the field of academia adds context and, with it, a degree of analytical clarity.

#### *4.3 Dimensions of reflexivity: intellectual, social, emotional and instrumental*

Despite this analytical clarity I am under no illusion that aspects of my past, present and future trajectories do not continue to insert themselves into each stage of my

research. I have grouped these together into four dimensions of reflexivity:

*intellectual, social, emotional and instrumental*. In the remainder of this section I will describe each of these in turn, with a focus on their relevance for accounting and organization scholars.

Intellectual reflexivity is the dimension we have already explored: Bourdieu's "realist rationalism", the objectivation of the "specific unconscious" (Bourdieu, 2004) which enables the researcher to rationalize themselves and their place within the research. As should be clear from the earlier account, it is important that intellectuals deploy this form of reflexivity in order to prevent errors of misrecognition and to "free [themselves] from their illusions" (Bourdieu & Wacquant, 1992, p. 195). However, based on my own experiences there are other, related dimensions which the reflexive researcher should also take into account.

The first of these is social, by which I mean a desire to be accepted. (It is important to recognize here that, of course, this whole exercise is social in terms of the individual's position in social space; the use of the word here is much narrower.) This affects two sets of relationships, within the field of study and within the field of academia. With regard to the first field, I interviewed only a small number of my peers; a much larger number of interviewees were people with whom I had no prior social connection. Even so, however, I felt an unease about producing work which might be seen as critical of the field or the individuals within it – even though I never sought to make any value judgements within the research. The reflexive engagement here involves testing and justifying one's empirical findings (theory is less likely to cause offence) against notions of fairness and accuracy. Of course, any such

findings are an interpretation but they have to be a fair one. This might appear an overly squeamish point of view but it is one which Bourdieu himself acknowledges in *Homo Academicus*, the first chapter of which is entitled “A Book for Burning?” Here he pre-empts the charge of apostasy, recognizing that “[i]t is well known that no groups love an “informer”, especially perhaps when the transgressor or traitor can claim to share in their own highest values” (Bourdieu, 1988, p. 5).

On the other side, as has been described above the dominated doctoral researcher is on a quest to gain the approval of the leaders of their academic tribe. Echoing Bourdieu’s “field of reception”, Hardy et al. (2001) and Lamont (2009) emphasize the highly social nature of the academic field. On one hand this can yield rich collaborative benefits – Hardy et al. (2001) give credit to the active contribution of a research community which acts as reviewers, editors and readers, as well as the precursors who wrote the papers and books which legitimized their own research – but on the other hand it can act as a constraint, both in terms of the form and the content of the research which is produced (Hibbert et al., 2014). The conventions of the academy, the need to find a relevant “conversation” (Huff, 2009) and the strictures of journals all tend towards a certain isomorphism of academic research and of social self-presentation. The “outsider/insider” researcher can accordingly feel themselves pulled in two separate directions. This is a creative place to be – and a source of rich scholarly insights – but at the same time it is important to acknowledge the need for what I term a social reflexivity, here meaning a continuous awareness of the potential influence of social/relational factors on one’s work.

The second additional dimension to highlight is the emotional one. The link between emotions and epistemology has been explored for millennia; where the positivist tradition casts this as a battle between reason and irrational urges (a trope of tragic theatre from the Ancient Greeks onwards), interpretive epistemologies recognize that “dispassionate inquiry was a myth” (Jaggar, 1989, p. 165) and that rather than getting in the way emotions can be “indispensable to reliable knowledge” (Jaggar, 1989, p. 169). Jaggar uses the example of the primatologist Jane Goodall, arguing that Goodall’s scientific contribution to our understanding of chimpanzees’ behaviour would not have occurred without her empathy with (or even love for) the chimpanzees she studied. Although Jaggar and those following her were writing from a feminist standpoint, there is also an established body of scholarship on emotions in organizations (Vince, 2006). The focus here, however, is on the emotions of the research “objects”; for example, Vince’s paper explores the various emotions (pain, anger, shame, powerlessness, fear) experienced by managers after the takeover of a Welsh utility company.

There is much less discussion, however, of the emotions experienced by accounting and organization scholars when engaging with a research project; based on my experience, this appears an oversight as such emotions can have a significant impact on the researcher’s engagement with the field of research. The earlier discussion of my social trajectory was expressed in primarily descriptive terms; it could also be explored through an emotional lens. Sitting here today, I can set out a range of emotions I feel towards the field of fund management. The more salient ones are probably negative (regret, envy, anger, resentment), though there is also a more generalized feeling of a bitter-sweet nostalgia, the kind you feel when driving

past a house in which you used to live. The map of my social trajectory which I described earlier helps to rationalize these negative emotions; they are broadly consistent with the trajectory from a dominant to a dominated field. The reason for invoking these negative emotions is not to argue that they are either good or bad, but to acknowledge that they have potential positive and negative implications. To illustrate, if I only experienced positive emotions towards the field of fund management there would be a danger that my research would fail to dig beneath the surface and would accept at face value the claims made by practitioners. Potentially problematic areas would not be problematized. Conversely, if I let my negative feelings run riot, the resultant research could descend into ranting polemic.

It is accordingly important that, through the exercise of emotional reflexivity, these potential traps are identified and mitigated. I agree with Jaggar (1989) that it is impossible for a researcher to be dispassionate; it is far better that they acknowledge both their feelings and the ways those feelings can “intrude” into the research process. Having strongly advocated thus far the merits for any researcher of Bourdieu’s epistemic reflexivity, his relative downplaying of the role of emotions is something which, following the advice of Wacquant (2018), might be identified as a lacuna in his work.

The final dimension of reflexivity to highlight is one I have called instrumental reflexivity. This incorporates a future orientation to Bourdieu’s core idea of social trajectories, thereby expanding his idea of the “space of possibles” (Bourdieu, 2004). The central idea here is that different future possibilities can (and often do) affect different aspects of the research design and execution. To illustrate from my own

experience, among the range of my future “possibles” two stand out. One is the pursuit of an academic career, the other a return in some capacity to the field of fund management. To a significant extent the research choices I have made have been bounded by a desire to keep the latter path open; hence I have chosen research subjects which are “topical” (the diversity challenge, for example) and are of both practical and theoretical interest. These are conscious choices and I do not feel that my research has been circumscribed as a result. However, I would argue that this is in no small part due to my exercise of an instrumental reflexivity; the more dangerous path would be one where these issues are neither identified nor managed.

I have described my case as an extreme example of the blurring between insider and outsider perspectives; hence the particular need for high levels of reflexive engagement. I would contend, however, that many researchers are operating in a similarly liminal space: even if they start as outsiders, a lengthy association with any organization will affect the mindset of the researcher for the reasons described above, and the same factors will accordingly come into play. Socially they may find it difficult to write research which criticizes the management of the organizations which they are studying, particularly if there is substantial social distance between themselves and those individuals. Emotionally the same social distance which I described above applies to anyone working in the academic field, except perhaps the “superstars” operating in its most elevated tier. Hence one could postulate that envy, anger and resentment are emotions experienced at various stages by some (many?) organizational scholars. A retreat into abstruse theorizing behind the walls of the field of restricted cultural production could, from this perspective, be framed as an attempt to assert a certain form of dominance in the face of such emotions.

Likewise, I suggest that the idea of instrumentality can and does affect the work of many scholars. Considerations such as the withdrawal of access, the loss of research funding or the need for corporate sponsorship within business schools may all affect the choices made by individual researchers. Moreover, it could also be argued that the idea of instrumentality has been institutionalized into the academic field through the increasing emphasis placed on impact within the Research Excellence Framework. This is an interesting example as it illustrates (perhaps in the negative) a broader point that Bourdieu made: in order to be effective, his “reformist reflexivity” has to be enacted by “all the agents engaged in the field” (Bourdieu, 2004, p. 91)

In the final section of the chapter I discuss some of the practical measures taken in order to ensure an “epistemological vigilance”.

#### *4.4 Reflexive praxis: from one field to another ... and back again*

This chapter has explored in some detail different theories of reflexivity, concluding that Bourdieu’s conceptualization of an epistemic reflexivity emphasizing the influence of the researcher’s position in social space has much to offer the organizational researcher. To some extent this theoretical discussion risks obscuring an important point: as Cunliffe (2003) describes, discussions of reflexivity raise both theoretical/philosophical questions and practical challenges. Put simply, reflexivity is something which is not just thought about, but also *done*.

Bourdieu goes further; as we have seen, he argues strongly that researchers should develop a “reflexivity reflex”, emphasizing the *modus operandi* over the *opus operatum* (Bourdieu, 2004, p. 89). So too does Weick (2002) in his advocacy of a



“real-time reflexivity”, distinguishing between a “ready-to-hand” mode of reflexive engagement and a “present-at-hand” mode of reflexive analysis. Like Weick Alvesson et al. (2008) describe two sets of reflexive practices corresponding to two stages of the research process: conducting research and writing up.

I add an additional stage to the beginning of the process, a preparatory one. Contra Bourdieu, my experiences suggest that effective reflexivity operates in these different stages at both a conscious and an unconscious level. As a starting point, the preparatory stage involved an analysis of my trajectory in social space similar to that which I described earlier; this served to guard myself against the pitfalls of a dangerous misrecognition, in particular a failure to understand the impact of my transition from the practitioner to the academic field. Related to this, the same analysis forced me to reconcile my outsider/insider status – thereby enabling me to draw constructively on my experiences while continuing to retain a critical distance from them. In so doing I was able to mitigate the dangers of being an insider “mouthpiece” for the investment industry.

The other major benefit of this preparatory phase was that it allowed me to anticipate issues relating to the power imbalance between interview participant and researcher. This power imbalance is discussed by Hibbert et al. (2014) but is perhaps more complex an issue than they suggest. Here again Bourdieu can help. If power can be seen simply to result from distance in social space, it therefore follows that the researcher/subject relationship can take one of three forms: one where the researcher is in a dominant position (for example, if the research subject is a group of vulnerable people), one where they are equal (most obviously if they are conducting

research into the academic field) and one where they are dominated, as is the case here – and in much organizational research.

However, if this is the characterization of the broad field, the same analysis can and should be done at the individual level; this complicates matters further. So within the academic field a doctoral researcher interviewing a professor is a very different power relationship than if the roles were reversed. My own experiences reflect this: consciously I sought to recruit interviewees at very different stages of their careers and the resultant interviews took on different characters depending on the seniority of the participant and (in some cases) their gender. As a behavioural example, a young woman was much more likely to apologize to me during the course of an interview than an older man; in the latter situation it was me who was much more likely to be apologizing. Two important practical issues arose from my analysis of this power imbalance: the first was a recognition of the need to persuade participants of the value of taking part, and the second was a reassurance that I had no intention of “stitching them up”. Here my background in the field was important: by presenting my intentions as those of a constructive insider it was relatively easy for me to gain the trust of my interviewees.

The second stage of the research process is the collection of data, in this case personal testimonies. The first important decision here was the choice of interview subjects. I was well aware that my history in the field had both positive and potentially negative implications. On the positive side access was relatively straightforward: I had contacts in each of the firms to which I wanted access. For Brannick and Coghlan (2007) this ease of access is one of the advantages of insider research. The

potential pitfall was that rather than benefiting (as Brannick and Coghlan describe) from my preunderstanding of the field, I could fall into the trap of prejudging or even preordaining the findings of my research through the tactical selection of interviewees. This was a danger I recognized at the start of the research design process; such an approach would be incompatible with my research philosophy. Instead I used four methods of recruiting interviewees: a small number (around a fifth of the total) of direct approaches to people I knew before starting the research; direct approaches to people I didn't previously know; direct approaches to HR departments who then passed on the details of my project to people I didn't know; and snowballing techniques (Goodman, 1961; Browne, 2005) as a means of recruiting more people that I did not previously know.

My experiences in the "ready-to-hand" interview situation conformed strongly to Weick's idea of "real-time reflexivity". In particular I experienced what we might term a "reflexive hokey-cokey" or, more properly, an epistemic oscillation as I moved between insider and outsider perspectives. By this I mean that while an interview participant was talking I was shifting constantly between two perspectives: an insider perspective which helped to make sense of what they were saying and a more critical outsider perspective which sought to understand why they were saying it. This was, I believe, real-time reflexivity in action. Invoking Bourdieu's idea of the reflexivity reflex, this was not done consciously; rather the two sides of my "cleft habitus", the *practioner* and the *academic*, here combined to positive effect.

As Cunliffe (2003, p. 991) describes, the final stage of the research process – analysis – is undershot with a fundamental paradox: how can the researcher

construct reflexive research which questions the foundations of knowledge and the researcher's own assumptions without undermining the plausibility of their argument or privileging their own account? The danger here is what she terms an "ontological oscillation". As she describes, different authors respond to the idea of ontological oscillation in very different ways: Steier (1991) forbids it, while Weick (1995) accepts it as a necessary part of sense-making which saves the researcher from an endless spiral of "debilitating self-reference" (Cunliffe, 2003, p. 992).

Cunliffe suggests a compromise which allows the researcher to pragmatically navigate this paradox: "I suggest that radically reflexive researchers engage in at least one self-referential loop by acknowledging and interrogating the impact of their own ontological and epistemological assumptions on their research strategy" (Cunliffe, 2003, p. 992). This is the path which I have followed during the "present-at-hand" phase of analysis and writing; understanding the impact of my social trajectory as well as my philosophical assumptions, but also giving the "data" room to speak.

Two methodological choices during this phase have helped to "keep me out" of the picture. The first is a rigorous engagement with interviewees' testimonies; it is possible to derive substantial benefits from the techniques of coding without accepting the philosophical assumptions which underpin grounded theory. What results, however, is not neutral description; rather the findings of my research are interpretations which are subject to the continuing fluidity of both the field of study and the field of research, and of my relationship to both.

The second helpful methodological choice was my decision to share draft papers with research participants and other interested parties from the field of fund

management. This was part of the commitment I made to the interviewees that they would have a right to remove anything which compromised their anonymity or used their words in an unrepresentative way. More than that, however, this double hermeneutic approach produced a substantial amount of feedback; there were no complaints, but rather a substantial volume of thoughtful insights, particularly in respect of the paper on rhetorical history and identity. I responded to this feedback reflexively and critically; the principal benefit of this engagement was to serve as an additional check and balance on my attempts to navigate the middle ground between subjectivity and objectivity.

## **5. Conclusion**

Recognizing that reflexivity has both theoretical and practical significance, this chapter has followed a pathway from the former to the latter. It started by discussing the emergence of the idea of reflexivity as a response to the breakdown in ontological and epistemological certainties which gained ground in the second half of the twentieth century, and essayed a tentative definition of the concept.

Focusing specifically on research in the fields of accounting and organization studies, it was argued that many researchers do not engage reflexively, primarily because much of the work in this field comes from a positivist perspective where the importance of reflexivity is not emphasized. Where scholars do exercise reflexivity, they risk lapsing into narcissism. Moreover, the influential typologies developed and employed by reflexive organization scholars have, as Cunliffe (2011) describes, a shared shortcoming, namely their construction around a narrow opposition between the poles of subjectivity and objectivity, an opposition which scholars such as

Bourdieu and Giddens have challenged. Where Cunliffe suggests adding a category of intersubjectivity to Morgan and Smircich's influential typology, this chapter asserts that the reflexive sociology of Pierre Bourdieu provides a rich theoretical framework with which to consider issues of reflexivity in the context of accounting and organizational research.

The chapter discussed the centrality of reflexivity to Bourdieu's sociology and explored both his theoretical exploration of the concept and its practical application, most importantly in *Homo Academicus* (Bourdieu, 1988). The relevance of the latter work to my own studies is clear, in particular Bourdieu's conceptualization and exploration of his own "cleft habitus", a valuable tool with which to explore issues of insider and outsider research.

At this point the focus shifted from a primarily theoretical bias to an interest in practical and methodological reflexivity. This started with an objectivation of my own social trajectory which was expressed in Bourdieusian terms. The particularity of my doctoral research project is that it is researching a field (the fund management cluster in the city of Edinburgh) of which I was a member for many years. This personal history offers huge potential in terms of the insights I can obtain through reflecting on my own lived experience; however, capturing these insights demands a level of reflexive distance. Hence Bourdieu's approach (objectivating the individual and situating them in social space) was proposed as an elegant reconciliation of the two-way pull between "insider" and "outsider" research. Having used Bourdieu's framework to objectivate my own social trajectory, I then drew on my experience of this trajectory to suggest some additional dimensions of reflexivity (social, emotional

and instrumental) which supplement Bourdieu's intellectual epistemic reflexivity, arguing that each of these dimensions can influence the researcher's engagement with her or his field of study.

The final section of the chapter considered the practical application of these ideas to the research project discussed in this thesis. The reflexive praxis was discussed with reference to three stages of the research process: preparation, data collection and analysis. Where Bourdieu argues for a "reflexivity reflex" in which the reflexive engagement of the researcher becomes embedded in their unconscious, this discussion suggested that at different stages of the process reflexivity takes both conscious and unconscious forms; effective reflexivity requires both modes. The chapter concluded with an illustration and explanation of how the rigorous exercise of reflexivity has informed the methodological choices made in the design and execution of this thesis.

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## **CHAPTER SIX - CONCLUSION**

### **1. Overview**

This thesis has examined both the practices within the fund management industry and the role played by the industry as a social institution. Conceptualizing the Edinburgh fund management cluster as a Bourdieusian field, at a micro level it has explored the forms of capital which individuals need to enter and succeed in the field, and the habitus which fund managers acquire through a combination of their upbringing and their socialization within the field; at a macro level it has discussed the fund management field's place within the broader network of fields, in particular how it relates to the field of power. Within these discussions, particular attention has been paid to discursive and rhetorical practices and the different roles played by these practices in constructing identity, establishing legitimacy or reconfiguring the field.

Through the three core papers and the introductory ethnography it has made a valuable empirical contribution, shining a light on the workings of an elite professional services sector which, despite the prominent position it occupies as a central intermediary in the investment chain linking savers and investee firms, has hitherto attracted little attention from the scholarly community. The empirical and theoretical contributions of each of the three core papers are discussed in more detail in section 2 below.

A recurring theme within the thesis is the extent to which it is informed by experience, both that of the author and of the research participants. In order to render it useful for empirical description and theoretical analysis, this experience has to be mediated



through the researcher's reflexivity; the final chapter of the thesis explored this subject from both a philosophical and a practical perspective.

## **2. Review: contributions**

At the heart of the thesis sit three discrete papers linked by their exploration of practices within the field of fund management in Edinburgh. The primary research focus of the first paper ("Masters or servants?") was the social trajectory of agents operating within the field: their backgrounds, the means by which they enter the field, the basis for their advancement and the processes through which they become socialized. Drawing on the full Bourdieusian theoretical toolkit, the paper described the importance of social and cultural capital at the point of entry, extending prior research on cultural matching by conceptualizing this matching as a two-way process. The paper identified two distinct forms of cultural capital valued by firms; the first ("technical-cultural capital") is familiar from studies of other professional service firms but the second ("traditional-cultural capital") is much more idiosyncratic – in both cases, candidates from privileged social backgrounds were advantageously positioned. The discussion of the habitus acquired through exposure to the field identified two prevalent ethics, a "competitive ethic" and a "client focus ethic", with the competitive ethic the dominant one. The paper explored the different ways in which this dominant idea of competition is embedded in the praxis and discourse of the field; this conceptualization of the fund manager as driven by competition differs significantly from the image presented by Eshraghi and Taffler (2015) and Taffler et al. (2017) of the fund manager as riddled by anxiety at the impossibility of their role. The focus on competition is further developed to explore why (in some cases at least) the professional investor may find themselves adopting a set of values and

priorities which sit uncomfortably with their personal values; the paper draws on Bourdieu's concept of *illusio* to suggest that these individuals are so committed to the game they know they are playing (that of beating their competitors) that they fail to recognize that they are also engaged in a second game, namely the promotion and reproduction of the interests of the global financial elite. There is hence a dual sense of dislocation, the first captured in the idea of the professional investor's "cleft habitus", the second in the portrayal of a fund management elite cut off from the interests of those whose savings they manage.

The second paper ("Making history work") took a different theoretical approach to the study of practices within the field, this time drawing on the rhetorical history literature to explore the processes by which fund management firms in Edinburgh collaborate in the construction of a shared meta-identity which is grounded in a (real and imagined) past. Although this paper does not use Bourdieu's theories there is nonetheless a thematic link to his advocacy of the need to understand the historical roots of a field and the means by which it developed: "the separation of sociology and history is a disastrous division, and one totally devoid of epistemological justification: all sociology should be historical and all history sociological" (Bourdieu & Wacquant, 1992, p. 90).

The major contribution of this paper was its description of the process by which this meta-identity is constructed. Methodologically the paper first analyzed the different materials through which firms present themselves to contemporary audiences, finding several key themes; it then drew on primary and secondary historical sources to establish correspondences between these themes and their historical analogues. The resultant process diagram illustrated how contemporary actors viewed the

people, places, practices and institutions of the past through a lens constituted of cultural traditions inherited from institutionalized Presbyterianism, the Enlightenment and internationalization. Viewing the past through this lens enables these actors to impose a meaning on the people, places, practices and institutions of the past which, creating a distinct identity, serves to legitimize their contemporary equivalents; the paper suggests that this has helped to protect the fund management cluster from negative reputational associations caused by the high profile collapse of the two major Scottish banks in 2008. The depiction of this process is the paper's main contribution; a second contribution is its qualification of the standard definition proposed by Suddaby et al. (2010), suggesting that the agency is dispersed more widely than that definition implies.

In a certain respect the final paper ("Technocrats or social warriors?") represented a synthesis of the two previous papers, applying Bourdieu's critical sociology to the discursive practices within a different field, that of ESG (environmental, social and governance) investing; through its examination of the discursive practices of fund management firms and their CEOs this paper contributed to both the ESG investing literature and to the broader literature on corporate elites. The paper drew on Bourdieu's economic sociology to frame ESG investing as a field organized between two poles (financial capital and societal capital); although it found significant differences in the positions adopted by firms, a recurring theme throughout this account was the primacy of financial capital. The exploration of the discursive practices of CEOs offered valuable insights into the dynamics at work within this elite field. A number of cases were identified where the positions adopted by CEOs diverged markedly from the norms within the narrow firm field or the broader CEO

field; a number of possible explanations for these divergences were advanced: the accumulation of symbolic capital at the individual or the firm level, or a desire to reconfigure the field. Running throughout the discussion was an unease with the idea of tension between financial and societal objectives; the paper contended that, as the discursive level at least, actors enjoyed a degree of freedom as to how much societal capital they chose to claim.

### **3. Ideas for further research and limitations**

This thesis has explored the practices inside the fund management sector and the positioning and functioning of the sector within the broader social world; both of these areas represent a fertile source for further research. In terms of future intra-field work, this thesis has paid little attention to the professional practices of fund managers and the meaning they construct through the performance of those practices; potential avenues to explore include the fund manager's relationship with the portfolio they manage, the practices of doing ESG investing (as opposed to talking about it), and the ways in which fund manager engage with different financial reports. Moving onto inter-field research ideas, there is scope to develop a number of the themes which were peripheral to this thesis: firstly focusing on issues of accountability (e.g. the intensification of regulatory interventions, the incompleteness of firms' ESG reporting, broader changes in reporting), secondly exploring the relationship between investors and investee firms, and finally testing the assertion made in Chapter One that this field has moved closer to the field of power over the last twenty or thirty years. One suggestion for how to observe this phenomenon is to track the progress of an individual like Larry Fink (mentioned in Chapter Four), exploring how his position in social space has changed over time.

The major limitation of this research is that the primary interviews were all conducted in Edinburgh. This choice is justifiable: Edinburgh is a significant centre of fund management both in terms of its scale and its history which, as a very tightly-structured field serves as an excellent “Petri dish” in which to observe the phenomena described in this thesis. There is a generic risk, however, that the phenomena observed are at in least part influenced by local factors; subsequent research could usefully take place in a number of different fund management centres. A second limitation of the research is that it is very much “inside-driven”; while this approach was appropriate for the purposes of these studies, another promising avenue would take an “outside-in” perspective. As an example, research conducted in one of the UK’s recently-merged local authority pension schemes could explore their attitudes towards the fund management industry, potentially providing a useful counterbalance to the perspectives of industry insiders. The accounts of company leaders’ experiences in meetings with fund managers could also provide an enlightening alternative perspective.

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